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1995

DEPARTMENTS OF LABOR, HEALTH AND HUMAN
SERVICES, EDUCATION, AND RELATED AGENCIES
APPROPRIATIONS FOR 1996

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Departments of Labor, Health and Hu... E A

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SUBCOMMITTEE OF THE
COMMITTEE ON APPROPRIATIONS
HOUSE OF REPRESENTATIVES
ONE HUNDRED FOURTH CONGRESS
FIRST SESSION

SUBCOMMITTEE ON THE DEPARTMENTS OF LABOR, HEALTH AND
HUMAN SERVICES, EDUCATION, AND RELATED AGENCIES

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NOTE: Under Committee Rules, Mr. Livingston, as Chairman of the Full Committee, and Mr. Obey, as Ranking
Minority Member of the Full Committee, are authorized to sit as Members of all Subcommittees.

S. ANTHONY MCCANN, ROBERT L. KNISELY, SUSAN E. QUANTIUS, MICHAEL K. MYERS,
and JOANNE L. ORNDORFF, *Subcommittee Staff*

PART 5

DEPARTMENT OF EDUCATION

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DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, EDUCATION, AND RELATED AGENCIES APPROPRIATIONS FOR 1996

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS

HOUSE OF REPRESENTATIVES

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Printed for the use of the Committee on Appropriations

U.S. GOVERNMENT PRINTING OFFICE

90-905

WASHINGTON : 1995

For sale by the U.S. Government Printing Office
Superintendent of Documents, Congressional Sales Office, Washington, DC 20402

ISBN 0-16-047244-X

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(II)

DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, EDUCATION, AND RELATED AGENCIES APPROPRIATIONS FOR 1996

WEDNESDAY, JANUARY 11, 1995.

DEPARTMENT OF EDUCATION

TECHNICAL BRIEFING

WITNESSES

SALLY H. CHRISTENSEN, DEPUTY ASSISTANT SECRETARY FOR BUDGET, OFFICE OF THE UNDER SECRETARY

EMERSON J. ELLIOTT, COMMISSIONER OF EDUCATION STATISTICS, NATIONAL CENTER FOR EDUCATION STATISTICS

JAMES B. THOMAS, JR., INSPECTOR GENERAL

THOMAS P. SKELLY, DIRECTOR, BUDGET SYSTEMS DIVISION, BUDGET SERVICE, OFFICE OF THE UNDER SECRETARY

JEANNE E. GRIFFITH, ASSOCIATE COMMISSIONER FOR DATA DEVELOPMENT, NATIONAL CENTER FOR EDUCATION STATISTICS

Mr. PORTER. Good morning. I want to welcome you all here this morning.

This begins our subcommittee's review of the programs administered by the three departments under our jurisdiction, Labor, Health and Human Services, and Education, and this is the first official meeting of the subcommittee in the 104th Congress. Were they here, I would welcome all of our new Members, but I will welcome Mr. Miller of Florida and Mr. Wicker of Mississippi to the subcommittee and we look forward to their colleagues joining us. This is primarily, actually, for their benefit, although it is for our benefit as well.

This subcommittee has in its jurisdiction over a thousand separate programs administered by three cabinet departments and 14 related agencies, and in fiscal year 1995 we had \$252 billion appropriated for these activities, making this the largest of the 13 appropriation bills.

Our hearings this morning will be somewhat different than our normal hearings. We are going to have a series of technical briefings by each of our three cabinet departments for the benefit of all Members, and particularly our newer Members. We have very experienced and able people here from the Department of Education this morning to give us an overview of its missions and its programs.

We are delighted to welcome Sally Christensen. She has the enviable record, professional record, of serving under probably more Secretaries of Education than she cares to count.

Ms. CHRISTENSEN. Right.

Mr. PORTER. Republicans and Democrats alike, and, obviously, all of them have valued her able professionalism, and we are delighted, Sally, that you can be with us to give us this briefing this morning.

Since Mr. Obey is not here, when he comes, we may break for a short statement by our Ranking Member, but I will begin by asking you to introduce your panel. We will take the entire briefing before we go to questions. Thank you.

INTRODUCTION OF WITNESSES

Ms. CHRISTENSEN. Thank you very much, Mr. Chairman, for your nice words.

On behalf of the Department of Education, I want to say how happy we are all to be here, and particularly to meet the new Members of the committee, and of course we are always extremely happy to see the returning Members.

On my immediate left is Emerson Elliott, who is Commissioner of Education Statistics, National Center for Education Statistics; on his left is Jeanne Griffith, Associate Commissioner for Data Development, also from the National Center for Education Statistics; on my immediate right is Thomas Skelly, who is the Director of the Budget Systems Division from the Budget Service, my office, Office of the Under Secretary; and to his right is Jim Thomas, our Inspector General for the Department.

What we are going to do this morning is—we will have three presentations. First, Mr. Elliott will give an overall look at education statistics and the status of American education today as reflected in those statistics. I will follow that with a brief summary of the Department's budget and programs and how they fit into that total picture, and then Mr. Thomas will highlight for you some of the Department's issues on which the Office of the Inspector General has focused in recent years.

So we will begin without further ado with Mr. Elliott. Emerson.

Mr. ELLIOTT. Thank you, Sally.

EDUCATION STATISTICS

Mr. Chairman and Members of the committee, we are very pleased to have this opportunity to present some statistics on American education as background information for your important work.

I have three introductory comments. First, as you know, I come from the National Center for Education Statistics, as Sally has just said. Many people have never heard of us. We are charged with providing statistics about education in the same way that the Bureau of Labor Statistics, which is also under this committee's jurisdiction, produces information about employment and prices.

As an example of our work, Mr. Chairman, you recall that you and I discussed the National Adult Literacy Survey when we appeared before you last spring. That was one of our surveys.

Second, a word about statistics. Whether the numbers deal with students, schools, libraries, or courses that students take, we employ scientific procedures to produce representative data. The statistics describe conditions and monitor trends but they do not tell us what actions should be taken to change those conditions and trends.

For that reason, statisticians are extremely cautious in discussions of policy consequences, preferring to answer policy questions by providing relevant information from the data to inform decision-making. That is a caution that the Congress and the public expect from us to safeguard the objectivity of the data used in policy-making.

Third, there is a great deal more statistical information available than we can cover in a few minutes here today. Still, we tend to have information primarily on aspects of education that have been of special interest to policymakers. This can lead to gaps in our statistical information when policymakers pose new questions, as the need to monitor national goals has made very clear in recent years. We strive to fill those gaps because we believe that such information is essential to inform policy-making in education at the local, State and Federal levels, but it often takes us time to catch up.

If you or your staff want more data or want to make additional use of the NCES data, we have a great deal available in print form and electronic form. We also have the capability to respond to your requests for special tabulations and graphs, so please feel free either to give my office a call or to give Sally a call.

THREE STATISTICS TOPICS COVERED

Let me provide a few summary comments from the pages of statements and statistical findings that we have made available to committee Members in this packet on Statistics on American Education. I hope that you will find this a valuable reference document to keep handy. We have tried to accumulate a variety of information in the form of brief notes, tables, and charts on the topics listed in the Table of Contents. Let me select out three general topics that are especially important to consider for our examples this morning: Changes in the student population that American schools are now educating is the first. The second, the results of education, and the third education finance.

STUDENT POPULATION

On student population. It is well known that the student population in this country is changing, but I would like to show you some figures that demonstrate just how sharp these changes have been and that suggest a very considerable challenge to the educational system. I am drawing here from pages 11 and 12 of this packet, the one that says how is student population changing.

RISK CHARACTERISTICS

Researchers have identified a number of characteristics that place children at increased risk of school failure and the share of American students with such characteristics has been increasing in recent decades. Although poverty rates among children declined

sharply in the 1960s, they have increased over the next two decades and currently more than 1 in 5 children live in poverty.

On page 11, the very first bullet shows that the poverty rate among children was 27 percent in 1960, declined to 15 percent in 1970, and was 22 percent in 1992. That figure is sharply higher than for any other age group in the U.S. population.

The percentage of children living in single-parent families has more than doubled in the last two decades, from 11 percent in 1970 to 24 percent in 1992. The share of children in school whose native language is not English and who have difficulty speaking English increased from 2 percent to 3 percent during the 1980s. Although that may sound like a very small number on a nationwide basis, in fact the burden falls disproportionately on just a few States that have children in this category. Finally, the percentage of minorities in the school-aged population has increased from 20 percent in 1970 to 31 percent in 1992 and this will grow to 35 percent by the year 2000.

RESULTS OF EDUCATION

Let me turn now to the results of education. In spite of these large increases in the share of children at risk of educational failure, outcomes of American education have not declined sharply; neither have they risen, as many concerned people think they should have to keep pace with rising demands for skills and knowledge in the workplace.

I will draw here on points made in the section on students beginning on page 24 of the packet. It says, how long do students stay in school.

STATISTICS ON DROPOUTS

One measure of dropouts we call the "status dropout rate," which means the percentage of young people age 16 to 24 who neither have completed high school nor are in school until any given year. This rate declined from close to 15 percent in 1972 to 11 percent in 1993. The gap in this rate between black and white students has also declined steadily over this period. In 1972, black rates were 9 percentage points higher than those of whites, and that rate declined to a gap of less than 6 percentage points in 1993.

About half of the students who drop out of high school eventually complete school, either with a diploma or with an equivalency degree. In fact, in 1990, 24 percent of 18-year-olds and 6 percent of 19-year-olds were still enrolled in school, ages at which we traditionally do not expect students still to be enrolled.

POSTSECONDARY ATTENDANCE

Progress has been made over the past 20 years in providing access to postsecondary education as well. The percentage of high school graduates enrolled in higher education the fall after graduation rose from 47 percent in 1973 to 62 percent in 1992. I am talking here from page 27 of your handout. However, the share of young adult high school graduates who complete four years or more of college has been fairly constant, at a little over one-fourth of the total population since the mid-1970s.

POSTSECONDARY COMPLETION

A higher proportion of the United States adults have completed college than in any other large industrialized country. Nearly one-fourth of the 25- to 34-year-olds in the United States have completed higher education. That compares with only 10 to 13 percent in most of the other G-7 countries. Canada's rates are slightly higher; they are about 17 percent. In Japan males complete at very high rates, nearly 35 percent of the age group, but females complete at very low rates, only about 12 percent. The United States advantage in higher education completion rates is particularly large for females in comparison with other nations.

COURSES TAKEN

As more students are completing high school, there is evidence that they are also taking more challenging courses. In 1982, graduating seniors averaged 21.4 credits, of which nearly 13 credits were in the core academic subjects of English, math, science, history and social studies, and foreign languages. These data are on page 30 of your handout.

By 1992, seniors averaged almost 24 credits, of which nearly 16 were in the core subjects, an increase of 3 full credits in these subjects. The percentage of graduates who take advanced courses such as trigonometry, calculus, physics, and advanced placement courses has also risen considerably since 1982.

For 17-year-olds, we have found an improvement in science and mathematics knowledge and skills equal to an additional year or two of learning in high school in the decade 1982 to 1992. Page 32 has some of the findings from the National Assessment of Educational Progress. The heading there is, what are the general trends in student achievement.

These increases between 1982 and 1992 follow some declines in scores in the 1970s. In mathematics, all the ground that was lost during the 1970s has been recovered, but in science scores are still below those of 1970. Although it remains large, the gap in performance between white and black students has narrowed in all subjects in this period.

In the last several years, however, the gap has not continued to narrow. Performance in reading and writing has been fairly flat over the last two decades. Performance in reading and math varies greatly across States. For example, in 1992, the difference between the States with the highest and lowest average eighth grade math scores was 37 points on a test scale of 500 points. This difference represents about three grade levels of learning in mathematics. We have a difference from the highest to the lowest State of about three grade levels. The difference between the national average scores for the public school fourth grade and eighth grade was about 49 points. So that gives you some relative feel for the size of the difference between the best performing States and those who are at the bottom.

It is not well known that American students compare very favorably with those in other developed countries in reading ability. In 1991, only students from Finland outperformed United States students in an international assessment of reading literacy skills. Bet-

ter known is that the United States students do not compare favorably with students in other countries in mathematics and science where they are frequently towards the middle or the bottom of the countries in the performance ranks.

EXPENDITURES ON EDUCATION

Let me turn now to expenditures, and this is the information that is at the beginning of the briefing package, pages 2 through 8, roughly.

The total expenditures of educational institutions in constant dollars have risen considerably in the last 10 years after remaining relatively stable from the mid 1970s through the early 1980s. About 7.6 percent of the Nation's GDP is devoted to education, much more than defense, which is about 4.6 percent, and much less than health, which is about 13 percent.

Per pupil current expenditures are increasing quite rapidly. We spent an average of about \$5,700 per student in public elementary and secondary education in 1993-94, and that is up about 26 percent in constant dollars over the last decade, although virtually all of that increase is in the first half of the last decade. However, these expenditures vary widely from State to State, from about \$3,000 per pupil in Utah to about \$9,300 in New Jersey, and \$8,500 per pupil in Alaska.

In 1991-92, State and local governments each supplied about 46 percent of total revenues for public schools, and the Federal Government paid about 6.6 percent. There is a chart on page 8 that has the graphic presentation of this relationship.

The Federal Government paid about 6.6 percent, and that is up slightly from the most recent years but still close to the lowest it had contributed since the passage of the Elementary and Secondary Education Act in 1965. This chart on page 8 shows quite clearly the changing trend in sources of revenue for education in this country. There is also wide variation among the States in the distribution of revenues. For example, the Federal share ranges from 3 percent in Connecticut and New Hampshire to 17 percent in Mississippi. Statistically, we know much less about how these funds are actually used, and that is a very critical data gap that we are working to fill.

Finally, the average \$15,100 per student we spend in higher education is up about 12 percent over the last decade.

Dr. Griffith, the Associate Commissioner for Data Development, and I will be pleased to answer any questions you might have.

Mr. PORTER. Thank you, Mr. Elliott.

[The prepared statement and biography of Emerson J. Elliott follows:]

Department of Education

**Statement before the House Committee on Appropriations
Subcommittee on Labor, Health and Human Services, and Education**

**Emerson J. Elliott
Commissioner of Education Statistics
National Center for Education Statistics
Office of Educational Research and Improvement**

accompanied by

**Jeanne E. Griffith
Associate Commissioner for Data Development
National Center for Education Statistics
Office of Educational Research and Improvement**

Note: Mr. Elliott will be making selected points from these materials.
This entire package is provided as background reference.

Department of Education

Statement by

Emerson J. Elliott
Commissioner of Education Statistics
National Center for Education Statistics

on

Current Statistical Trends in Education

Mr. Chairman and Members of the Committee: We are very pleased to have this opportunity to present some statistics on American education as background information for your important work.

I have three introductory comments. First, as you know, I come from the National Center for Education Statistics (NCES). Many people have never heard of us. We are charged to provide statistics about education in the same way that the Bureau of Labor Statistics, also under this Committee's jurisdiction, produces information about employment and prices.

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Third, there is a great deal more statistical information available than we can cover in a few minutes. Still, we tend to have information primarily on aspects of education that have been of special interest to policymakers. This can lead to gaps in our statistical information when policymakers press new questions, as the need to monitor national goals has made clear in recent years. We strive to fill those gaps because we believe that such information is essential to inform policymaking in education at the local, State, and Federal levels, but it often takes us time to catch up.

Let me provide a few summary comments from the pages of statements and statistical findings that we have made available to Committee members. I hope you will find this package a valuable

reference document to keep handy; we have tried to accumulate a variety of information in the form of brief notes, tables, and charts on the topics listed in the Table of Contents. I think three general topics are especially important to consider -- 1) changes in the student population that American schools are now educating, 2) the results of education, and 3) education finance.

Student Population. It is well known that the student population in this country is changing, but I would like to show you some figures that demonstrate just how sharp these changes have been and that suggest a very considerable challenge to the educational system. (I am drawing from information presented on pages 11 and 12 of your package). Researchers have identified a number of characteristics that place children at increased risk of school failure and the share of American students with such characteristics has been increasing in recent decades. Although poverty rates among children declined sharply in the 1960s, they increased over the next two decades and currently more than one in five children live in poverty. That figure is sharply higher than for any other age group in the population. The percentage of children living in single parent families has more than doubled in the last two decades, from 11 percent in 1970 to 24 percent in 1992. The share of children in school whose native language is not English and who have difficulty speaking English increased from 2 to 3 percent during the 1980s. Although nationwide this is a small number, it falls disproportionately on just a few States. Finally, the percent of minorities in the school-age population has increased from 20 percent in 1970 to 31 percent in 1992; this figure is projected to grow to 35 percent by the year 2000.

Results of Education. In spite of these large increases in the share of children at risk of educational failure, outcomes of American education have not declined sharply; neither have they risen as many concerned people think they should have to keep pace with rising demands for skills and knowledge in the work place. I will draw here on points made in the section on Students beginning on page 23 of your package. One measure of dropouts we call the "status dropout rate" -- the percentage of young people ages 16 to 24 who neither have completed high school nor are in school in any given year. This rate declined from close to 15 percent in 1972 to 11 percent in 1993. The gap in this rate between black and white students has also declined steadily over this period; in 1972 black rates were 9 percentage points higher than those of whites, declining to a gap of less than 6 percentage points in 1993. About half of the students who drop out of high school eventually complete, either with a diploma or an equivalency degree. In fact, in 1990, 24 percent of 18-year-olds, and 6 percent of 19-year-olds were still enrolled in high school.

Progress has been made over the past twenty years in providing access to postsecondary education as well; the percentage of high school graduates enrolled in higher education the fall after graduation rose from 47 percent in 1973 to 62 percent in 1992. However, the share of young adult high school graduates who complete four or more years of college has been fairly constant, at a little more than one-fourth, since the mid-1970s. A higher proportion of U.S. adults have completed college than in other large industrialized countries. Nearly one-fourth of 25-to 34-year-olds in the U.S. have completed higher education, compared to about 10 to 13 percent in most of the other G-7 countries. Canada's rates are slightly higher (about 17 percent) and in Japan males complete at very high rates (nearly 35 percent), but females complete at very low rates (about

12 percent). The U.S. advantage in higher education completion rates is particularly large for females.

As more students are completing high school, there is evidence that they are also taking more challenging courses. In 1982, graduating seniors averaged 21.4 credits, of which 12.7 were in the core academic subjects of English, mathematics, science, history/social studies, and foreign languages (see page 30). By 1992, seniors averaged 23.8 credits, of which 15.7 were in these core subjects, an increase of 3 full credits in these subjects. The percentage of graduates who take advanced courses such as trigonometry, calculus, physics, and Advanced Placement courses has also risen considerably since 1982.

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It is not well known that American students compare very favorably with those in other developed countries in reading ability; in 1991 only students from Finland outperformed U.S. students in an international assessment of reading literacy skills. U.S. students do not compare as favorably with students in other countries in math and science, where they are frequently towards the middle or bottom of the list of countries in performance rank.

Expenditures. Total expenditures of educational institutions (in constant dollars) have risen considerably in the last ten years after remaining relatively stable from the mid-1970s through the early 1980s. About 7.6 percent of the nation's GDP is devoted to education, much more than defense (about 4.6 percent) and much less than health (about 13 percent).

Per pupil current expenditures are increasing quite sharply; we spent an average of about \$5,700 per student in public elementary and secondary education in 1993-94, up about 26 percent in constant dollars in ten years. However, these expenditures vary widely from State to State -- \$3,000 per pupil in Utah compared to \$9,300 in New Jersey and \$8,500 in Alaska. In 1991-92, State and local governments each supplied about 46 percent of total revenues for **public** schools, and the Federal government paid 6.6 percent -- up slightly from the most recent years but still close to the lowest it had contributed since the passage of the Elementary and Secondary Education Act in the mid-1960s. The chart on page 8 shows quite clearly the changing trend in

sources of revenue for education in this country. There is wide variation among the States in the distribution of revenues. For example, the Federal share ranges from 3 percent in Connecticut and New Hampshire to 17 percent in Mississippi. Statistically, we know much less about how these funds are actually used, a very critical data gap that we are working to fill.

The average \$15,100 per student we spend in higher education is up about 12 percent over the last decade.

Dr. Jeanne Griffith, the Associate Commissioner for Data Development, and I will be pleased to answer any questions you might have.

DEPARTMENT OF EDUCATION

Office of Educational Research and Improvement

National Center for Education Statistics

Biographical Sketch

NAME	:	Emerson J. Elliott
POSITION	:	Commissioner of Education Statistics, 1992 to Present
BIRTHPLACE AND DATE	:	Ann Arbor, Michigan, November 13, 1933
EDUCATION	:	Albion College, Albion, Michigan, B.A., 1955 University of Michigan, Ann Arbor, Michigan, M.A., 1957
EXPERIENCE	:	
1988-1992		Acting Commissioner of Education Statistics, National Center for Education Statistics
1984-1988		Administrator/Director, National Center for Education Statistics, Department of Education
1982-1984		Director, Issues Analysis Staff, Office of the Under Secretary, Department of Education
1981-1982		Director, Planning and Evaluation Service, Office of Planning, Budget and Evaluation, Department of Education
1979-1981		Director, School Finance Project, Department of Health, Education and Welfare
1977-1979		Director, Educational Staff Seminar and Practitioner-in-Residence, Institute for Educational Leadership
1972-1977		Deputy Director, National Institute of Education, Department of Health, Education and Welfare
1970-1972		Deputy Chief, Human Resources Programs Division, Office of Management and Budget
1967-1970		Chief, Education Branch, Bureau of the Budget
1957-1967		Budget Examiner, Bureau of the Budget
HONORS AND AWARDS	:	Presidential Rank Awards for Distinguished Executive Service, 1987 and Meritorious Executive Service, 1983, and 1991; NIE Director's Superior Service Award, 1979; Albion College Distinguished Alumni Award, 1975

CURRICULUM VITAE

Jeanne E. Griffith

Education

Ph.D. Johns Hopkins University; Department of Social Relations
 M.S. George Washington University; Department of Statistics
 M.A. University of Pennsylvania; Department of Sociology
 B.A. College of William and Mary; Department of Sociology

Work Experience

1987 to present Associate Commissioner for Data Development, National Center for Education Statistics, U.S. Department of Education.
 Responsible for coordination of international programs, coordination of content of data programs, production of flagship publications and other major data analyses, development of education indicators program, and serving as advisor to Commissioner for Education Statistics.

1983-1987 Specialist in Social Legislation, Congressional Research Service, U.S. Library of Congress.

1979-1983 Demographic Statistician, U.S. Office of Management and Budget.

1977-1979 Survey Statistician, U.S. Department of Health, Education, and Welfare.

1975-1977 Survey Statistician, U.S. Bureau of the Census.

1974-1975 Demographer, Fairfax County Government.

1972-1974 Demographic Statistician, U.S. Bureau of the Census.

Primary Interests

- Promoting policy uses of education statistics and research.
- Enhancing quantitative education research.
- Improving international education statistics and research.

STATISTICS ON AMERICAN EDUCATION

**U.S. Department of Education
National Center for Education Statistics**

January 1995

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THE EDUCATION SYSTEM

WHAT IS THE SIZE OF THE ENTERPRISE?

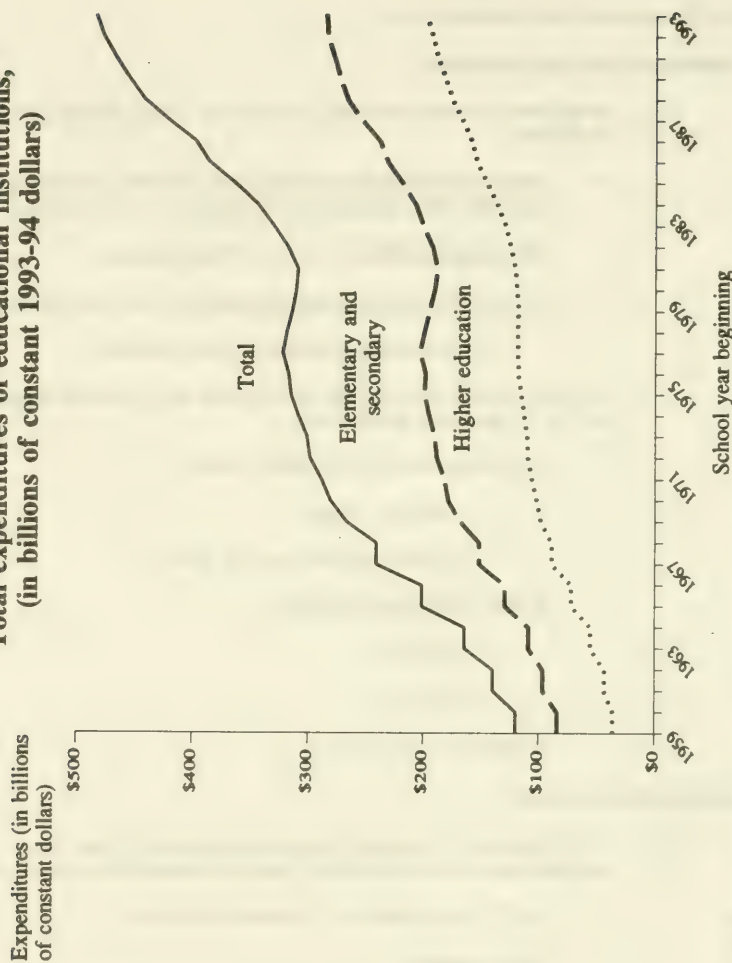
Number of People and Institutions

- ◊ In fall 1994, 73 million American — one in four — were directly involved in education.
 - Schools and colleges employed 8.0 million teachers, administrators, and staff, which represented about 6.6 percent of the workforce.
 - Total student enrollment was 63.9 million, including:
 - 48.9 million students in elementary and secondary schools
 - 15.0 million in institutions of higher education.
- ◊ Education involves a large number of institutions and government entities. In 1992-93, there were approximately:
 - 110,500 elementary and secondary schools
 - 84,500 public schools
 - 26,000 private schools (in Fall, 1991)
 - 10,000 postsecondary institutions
 - 2,100 public
 - 8,500 private
 - 15,000 public school districts

Amount of Money Spent

- ◊ Total expenditures of educational institutions (public and private) are a substantial part of the nation's Gross Domestic Product (GDP) (*Figure 1*):
 - In 1993, \$484 billion, or 7.6 percent of the GDP.
 - This compares to:
 - About 4.6 percent for defense (\$291 billion for defense; including \$36 billion for veterans' benefits would increase it to 5.1 percent)
 - About 13 percent for health (\$752 billion in 1991).

FIGURE 1
Total expenditures of educational institutions,
(in billions of constant 1993-94 dollars)



NOTE: Plotted points include school years beginning: 1959, 1961, 1963, 1965, 1967, 1969-93.

SOURCE: U.S. Department of Education, National Center for Education Statistics, *Digest of Education Statistics*, 1994.

- ◊ The U.S. devotes very substantial public resources to education compared to other industrialized countries. (*Figure 2*)
 - Among the G-7 countries, only Canada devotes a higher percentage (6.1 percent in 1990-91) of its Gross Domestic Product (GDP) to public expenditures on education than the U.S. (5.2 percent).
 - Japan and the former West Germany devoted 2.6 percent and 3.3 percent respectively of their GDP to education.
 - Public expenditure per pupil was higher in the U.S. than in the other G-7 countries for both the pre-primary and elementary/secondary levels.
 - In grades 1-12, public expenditure per pupil in 1990-91 ranged from \$2,624 in Japan to \$4,765 for the U.S.
 - Among all OECD countries, public expenditure per pupil for grades 1-12 was higher than the U.S. in Sweden (\$5,825) and Switzerland (\$5,205).
 - The U.S. spends a larger share of its total public funds on education than most OECD countries.
 - Only Switzerland (14.2 percent) was above the U.S. figure of 14.0 percent.
 - The other G-7 countries ranged from 7.5 percent in the former West Germany to 12.6 percent in Canada.
- ◊ Total expenditures of educational institutions (after adjusting for inflation) have risen considerably in the last ten years, after remaining relatively stable from the mid 1970s to the early 1980s.
 - Expenditures of elementary and secondary schools rose 42 percent (in constant dollars) between 1983-84 and 1993-94.
 - Expenditures of colleges and universities rose 53 percent during the same period.

FIGURE 2

International comparisons of public expenditures for education: 1990-91

Country	Public Education Expenditures as a Proportion of GDP	Public Education Expenditures as a Proportion of Total Public Expenditures	Public Expenditures Per Student	
			Elementary and Secondary	Higher Education
Australia	4.3	11.3	\$2,125	\$7,752
Austria	4.6	9.8	3,956	5,683
Canada	6.1	12.6	4,558	8,556
Denmark	5.5	9.4	4,613	7,160
France	4.4	9.6	3,375	4,449
Former West Germany	3.3	7.5	3,293	5,537
Hungary	5.3	—	1,343	5,858
Ireland	5.1	—	1,887	4,864
Italy	4.1	8.7	3,720	4,421
Japan	2.6	10.2	2,624	1,988
Netherlands	4.7*	—	3,104	8,569
Norway	6.1	11.2	4,343	5,917
Portugal	4.9	—	1,934	4,012
Spain	3.8	—	1,953	2,579
Sweden	6.0	9.5	5,825	8,204
Switzerland	4.6	14.2	5,205	12,413
United Kingdom	4.3	10.1	3,054	9,087
United States	5.2	14.0	4,765	8,275

— = Not available

* = Expenditures for preprimary education not available

Converted into U.S. dollars by the Purchasing Power Parity Index.

SOURCE: U.S. Department of Education, National Center for Education Statistics, *The Condition of Education, 1994*

HOW MUCH DO WE SPEND PER STUDENT?

- ⇒ Per pupil current expenditures are increasing in real dollar terms quite sharply:
 - \$5,734 per student in public elementary and secondary education in 1993-94, up about 26 percent in constant dollars in ten years.
 - \$15,078 per student in higher education this year, up 12 percent in constant dollars in ten years.
- ⇒ But expenditures vary widely:
 - \$9,300 per pupil in New Jersey and \$8,500 in Alaska for 1991-92
 - Compared with \$3,000 in Utah.

WHERE DOES THIS MONEY COME FROM?

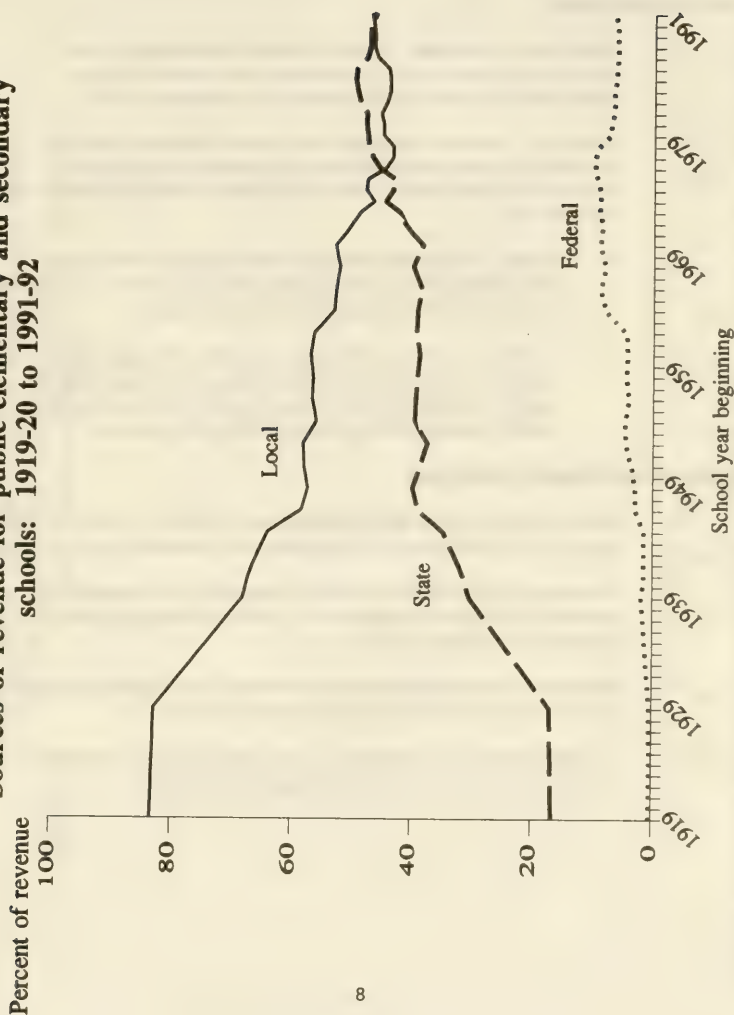
Elementary and Secondary

- ◇ In 1991-92, state and local governments each supplied about 46 percent of total revenues for public schools, and the federal government paid 6.6 percent down from 9.8 percent in 1979-80 (*Figure 3*).
- ◇ Until 1978-79, the local share was the largest, but it was declining while the state share was rising. During the 1980s the state share exceeded the local share, but it declined in the last half of the 1980s.
- ◇ There is wide variation among the states in the distribution of revenues. The federal share ranges from 3 percent in Connecticut and New Hampshire to 17 percent in Mississippi. The local share ranges from 11 percent in new Mexico to 86 percent in New Hampshire.

Federal Funds

- ◇ From 1985 to 1994, federal funding for education increased by 34 percent, after taking inflation into account. (This represents all federal support of education, including support from other departments. After inflation, on-budget support increased 28 percent during this period and nonfederal funds generated by federal programs and off-budget support by 61 percent.)
- Federal funding for elementary and secondary education programs increased by 49 percent in constant dollars between 1985 and 1994.

FIGURE 3
Sources of revenue for public elementary and secondary schools: 1919-20 to 1991-92



NOTE: Plotted points include school years beginning 1919, 1929, 1939, odd years from 1941 to 1969, and all years from 1970 to 1991.

SOURCE: U.S. Department of Education, National Center for Education Statistics, *Digest of Education Statistics*, 1994.

WHAT ARE RECENT TRENDS IN ENROLLMENT?

The Pre-School Years

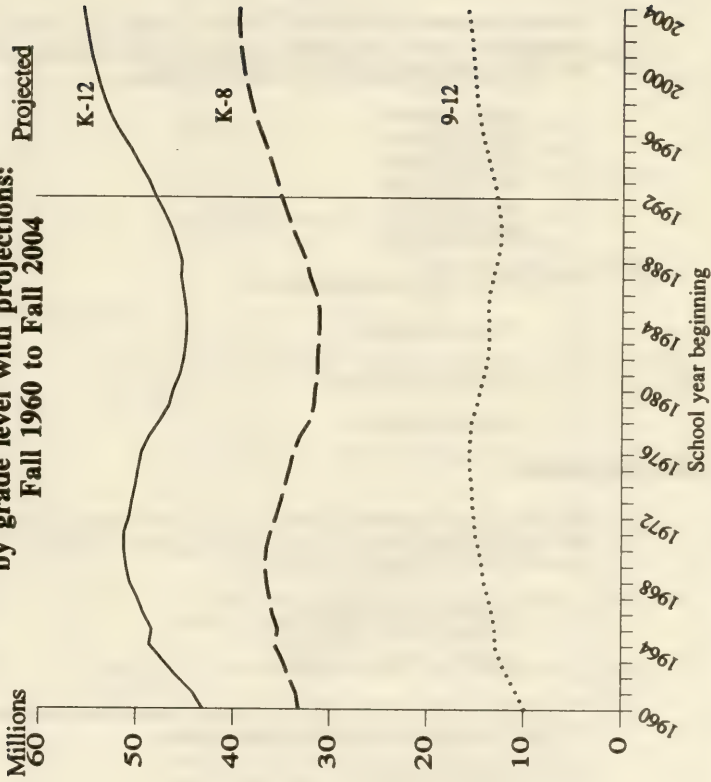
- ◇ Participation in preschool — prior to entering kindergarten — has increased; 14 percent of 3- to 4-year-olds were enrolled in a pre-kindergarten program in 1970 compared to 34 percent in 1992.
- ◇ Minorities, particularly Hispanics, have lower participation rates in preschool programs than whites, and participation by children from families with lower income levels is less than for those from families with high incomes.
 - In 1991, 40 percent of white 3- and 4-year-olds were enrolled in pre-kindergarten programs as compared to 31 percent of black and 21 percent of Hispanic children of the same age.
 - In 1992, 52 percent of 3- and 4- year-olds from high income families were enrolled in pre-kindergarten programs, while 24 percent of those from low income families and 31 percent from middle income families were enrolled in such programs.

Elementary and Secondary Education

- ◇ Nearly all children now attend kindergarten; 98 percent of first and second graders in 1991 had attended kindergarten prior to entering the first grade.
- ◇ The proportion of children in full-day kindergarten has increased; 13 percent of kindergarten students in 1970 were in full-day programs compared to 44 percent in 1992.
- ◇ Enrollment is increasing at both the elementary and secondary levels and will continue to do so for the next ten years (*Figure 4*).
- ◇ In 1996, enrollment in elementary and secondary schools is projected to exceed its 1971 high, experienced during the baby boom.

FIGURE 4

Enrollment in elementary and secondary schools,
by grade level with projections:
Fall 1960 to Fall 2004



NOTE: Years 1994-2004 are projected.

SOURCE: U.S. Department of Education, National Center for Education Statistics, *120 Years of American Education: A Statistical Portrait*, 1993; *Projections of Education Statistics to 2004*, 1993; *Digest of Education Statistics*, 1994.

HOW IS THE STUDENT POPULATION CHANGING?

- ◇ Researchers have identified certain factors associated with increased risk of school failure. Those factors include:

Poverty

- ◇ Poverty rates among children under 18 declined sharply in the 1960s, and increased over the next two decades to about one-fifth of children in the late 1980s (about the same level as in the mid-1960s).
 - 1960: 27 percent
 - 1970: 15 percent
 - 1980: 18 percent
 - 1990: 20 percent
 - 1991: 21 percent
 - 1992: 22 percent.
- ◇ Child poverty rates vary greatly by race:
 - Whites: 16 percent,
 - Blacks: 46 percent, and
 - Hispanics: 40 percent.

Single Parent Families

- ◇ The share of children under 18 living in single parent families has more than doubled in the last two decades, from 11 percent in 1970 to 24 percent in 1992. This varies greatly by race:
 - 19 percent of white children,
 - 57 percent of black children, and
 - 29 percent of Hispanic children.
- ◇ The percent of poor children who live in female-headed households has increased sharply over the last three decades, from:
 - 24 percent in 1960 to
 - 59 percent in 1991.

English Proficiency

- ◇ The share of children in school whose native language is not English and who have difficulty speaking English increased by 50 percent, from 2 to 3 percent of all students (age 8-15) from 1979 to 1989.

Race/ethnicity

- ◊ The percent of minorities in the school-age population (age 5-19) has increased (*Figure 5*).
 - 1970: 20 percent.
 - 1992: 31 percent.
 - 2000: 35 percent (projected).
- ◊ The most rapidly growing minority groups in the total school-age population are Hispanics and Asian/Pacific Islanders.
 - Hispanics:

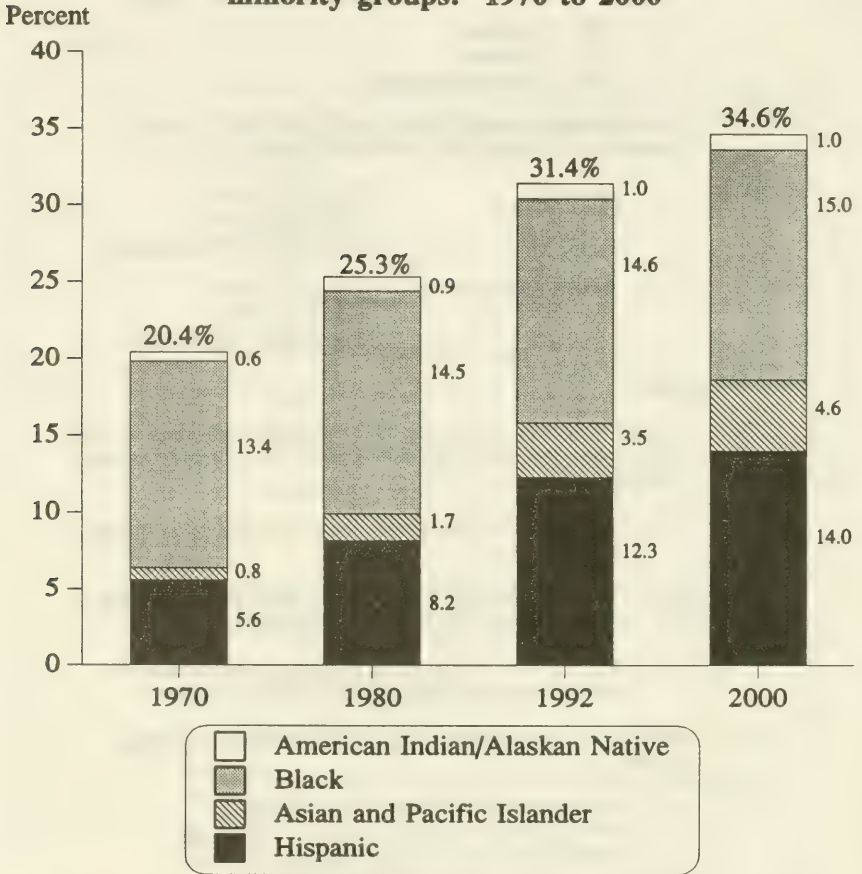
6 percent in 1970
12 percent in 1992
14 percent in 2000 (projected).
 - Asians/Pacific Islanders

1 percent in 1970
3 percent in 1990
5 percent in 2000 (projected).

Other Risk Factors

- ◊ A higher proportion of 1992 than 1982 high school sophomores exhibited characteristics that would place them at greater risk of poor educational outcomes.
 - The proportion of sophomores living in poverty increased from 13 to 17 percent.
 - The proportion living in a family not headed by two biological (or adoptive) parents rose from 30 to 36 percent.
 - The proportion of high school sophomores who had their own children living with them grew from 0.6 to 2.5 percent.
- ◊ Other factors associated with increased risk of educational problems include:
 - Having parents with low educational attainment,
 - Having a sibling who has dropped out of school, and
 - Spending more than 3 hours per day alone at home.
- ◊ Nearly half of eighth grade students in 1988 had at least one factor associated with risk of poor school performance (*Figure 6*).
 - One-fifth had two or more such factors.

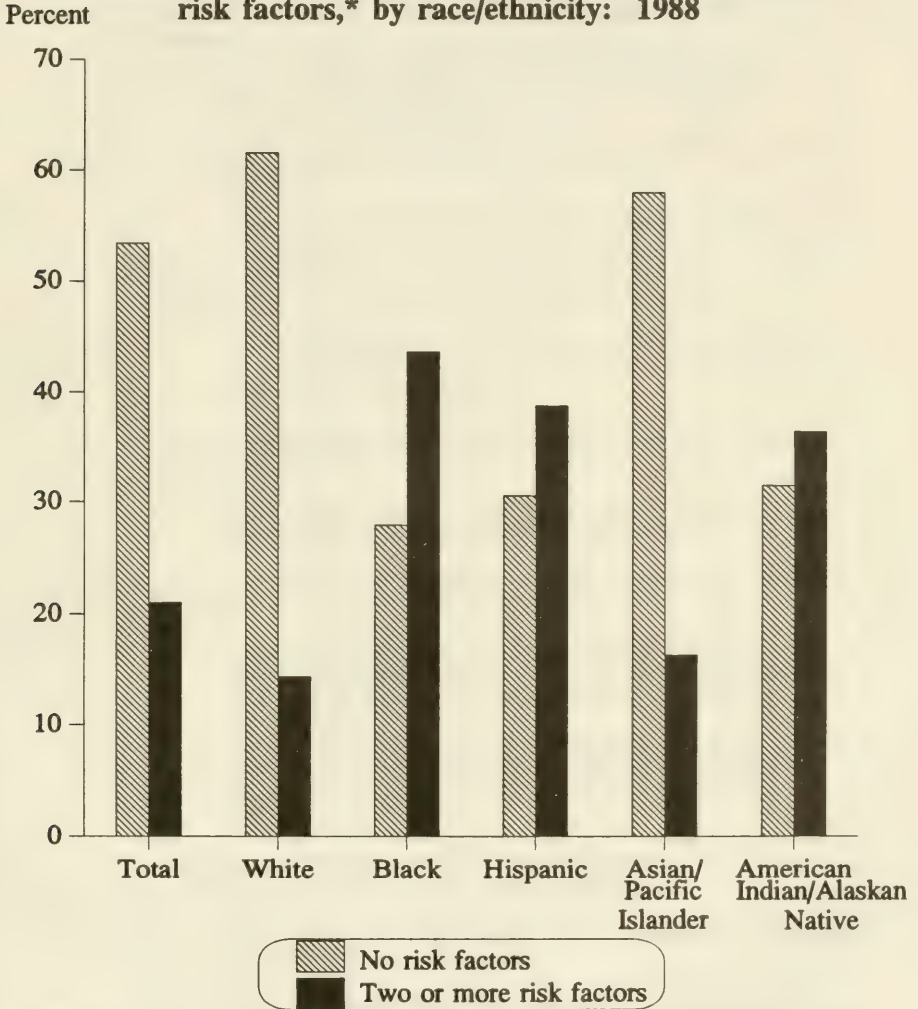
FIGURE 5
Proportion of 5- to 19-year-old population from
minority groups: 1970 to 2000



SOURCE: Bureau of the Census, 1970 and 1980 decennial censuses and projections for 1992 and 2000.

FIGURE 6

Percentage of eighth graders with none or two or more risk factors,* by race/ethnicity: 1988



*Risk factors include single parent family, low parent education, limited English proficiency, low family income, sibling dropout, and home alone more than 3 hours on weekdays.

SOURCE: U.S. Department of Education, National Center for Education Statistics, *The Condition of Education* (Vol. 1), 1991.

- Among blacks, Hispanics, and American Indians, the proportion having two or more risk factors was double to triple that for white and Asian students.

HOW ARE PARENTS INVOLVED IN THEIR CHILD'S EDUCATION?

- ◇ Most students discuss school with their parents. While a majority of parents talk with their child's teacher or counselor, many fewer actually visit their child's classes.
 - About 90 percent of 1988 eighth graders reported discussing school activities and class studies with their parents.
 - About 60 percent reported their parents had spoken with their teacher or counselor.
 - About 30 percent reported their parents had visited their classes.
- ◇ Most (78 percent in 1993 and 71 percent in 1991) preschool children are read to by their parents on a regular basis, and this proportion is increasing.
 - Children living in families without two parents present, whose mother did not complete high school, or living in poverty were less likely to be read to regularly than other children.
- ◇ About three-fifths of preschool children in 1993 were taught letters, numbers, or words in the past week.
 - Family characteristics are generally not related to the likelihood of a preschool child being taught these school-related activities.
- ◇ Parents more than kindergarten teachers rate already knowing school-related skills as important for a child to be ready for kindergarten.
 - About 60 percent of parents compared to less than 10 percent of kindergarten teachers thought that knowing the alphabet and being able to count to 20 was important for a child to be ready for kindergarten.
 - Less educated parents are more likely to rate these skills as important than more educated ones — 70 percent among parents with less than a high school education compared to 40-50 percent for those with college education.
- ◇ Parents also rate certain behavioral characteristics as important for kindergarten readiness much more frequently than kindergarten teachers.
 - 92 percent of parents rated being able to take turns and share as important compared to 56 percent of teachers.
 - 80 percent of parents rated being able to sit still and pay attention as important compared to 42 percent of kindergarten teachers. The views of

least educated parents differed from the teachers the most, with 95 percent of those who hadn't finished high school citing this factor as important compared to 69 percent of college educated parents.

- ◊ Parents and kindergarten teachers agreed that being able to communicate needs, wants and thoughts verbally and to be enthusiastic and curious in approaching new activities was important for a child to be ready to start kindergarten.

WHAT DO WE KNOW ABOUT TEACHERS?

Instructional Staff

- ⇒ From 1950 to 1992, classroom teachers dropped from 70 to 53 percent of staff in public schools. However, during the same period, the number of teachers per 100 students increased from 3.6 to 5.7.
- Teacher aides, librarians, guidance counselors, and other instructional staff have increased from less than 1 percent of public school staff in 1950 to 12 percent in 1992.
- School district administrators, principals, and assistant principals as a percent of staff has declined somewhat, from almost 6 percent in 1950 to slightly more than 4 percent in 1992.

Hiring Teachers

- ⇒ Both public and private schools are able to fill nearly all of their teacher vacancies, about 99 percent in 1990-91.
- ⇒ Most public school teachers hired to fill vacancies are experienced teachers, but the proportion who are first-time teachers has grown in recent years.
- In 1990-91, about 9 percent of public school teachers were newly hired by their school districts, of whom 41 percent were first-time teachers.
- The proportion of newly hired teachers varied considerably among the states (from 3 percent in Massachusetts to 17 percent in Alaska and Nevada), as did the proportion of new hires who were first-time teachers (from 24 percent in Tennessee and Vermont to 58 percent in Florida).
- Between 1988 and 1991 the proportion of newly hired public school teachers who were first-time teachers rose considerably, from about 30 percent to slightly more than 40 percent, while the proportion who were former teachers returning to teaching fell from about one-third to one-fourth.

Teacher Qualifications

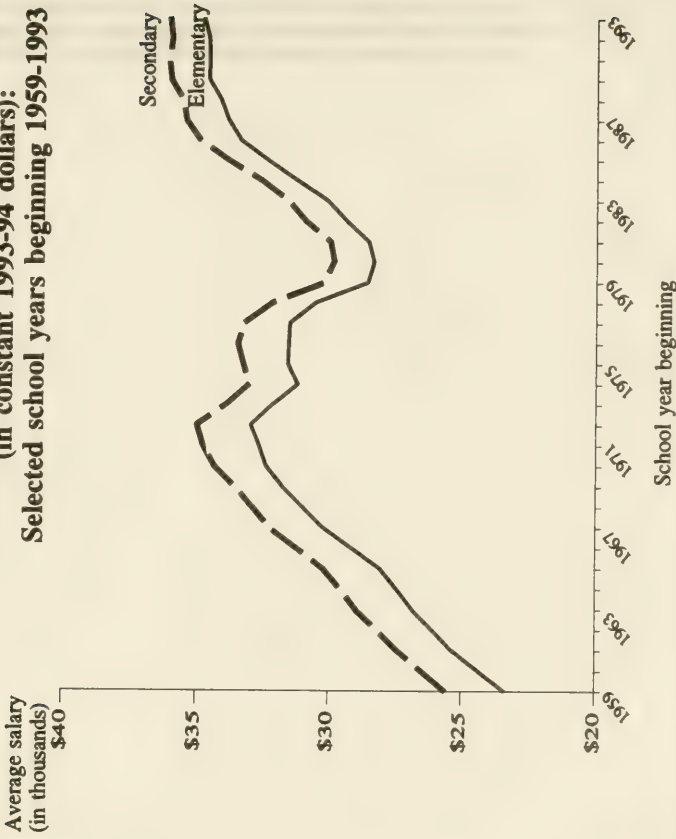
- ⇒ Nearly all public school elementary and secondary teachers are certified and/or majored or minored in college in their primary assignment field.

- Only 1-2 percent of teachers were neither certified nor majored/minored in their primary assignment field in 1988 and 1991.
 - About 4 percent of teachers whose primary assignment was math or special education were neither certified nor majored/minored in that field.
- ⇒ Among all secondary teachers who teach a subject, the percentage who are neither certified nor majored/minored in a field they teach varies considerably by subject.
- In 1991, 27 percent of secondary teachers who taught at least one math class and 20 percent who taught an English/language arts class were neither certified nor had majored/minored in the field they were teaching.
 - About 10 percent of foreign language teachers and 13 percent of science teachers were neither certified nor had majored/minored in the field they were teaching.
- ⇒ Because teachers without certification or a related major or minor tend to teach smaller or fewer classes, the proportion of *students* being taught by teachers neither certified nor with a major/minor in the subject is much lower than the proportion of *teachers* without those qualifications.
- About 13 percent of public school students taking secondary mathematics courses were taught by teachers who were neither certified nor had a major or minor in that field, compared to 27 percent of secondary mathematics teachers.

Teacher Salaries

- ⇒ Although average teacher salaries dropped in value through the 1970s, since 1980-81, they have increased 21 percent to \$35,958 in 1993-94. However, they have been stable since 1989-90 (*Figure 7*).
- ⇒ There are big regional differences in average teacher salaries.
- In New England, the Midwest, the Great Lakes, and the Far West, average salaries in 1992-93 were between \$38,700 and \$43,600.
 - In the Southeast, the Plains, the Southwest, and the Rocky Mountain states, average salaries were between \$30,000 and \$31,600.

FIGURE 7
Average annual salary for public school teachers
(in constant 1993-94 dollars):
Selected school years beginning 1959-1993



NOTE: Plotted points for average annual teacher salary are: odd years 1959-1969, and all years 1970-1992.

SOURCE: National Education Association, *Estimates of School Statistics*; and unpublished data. (Latest edition 1992-93. Copyright © 1993 by the National Education Association. All rights reserved.)

Class Size

- ◊ The average public school class size for grades K-6 was 24 in 1990-91, but there was considerable variation across the states.
 - Average class size varied from 19 in Vermont and 20 in Wyoming and Maine to 29 in California.
 - Nationally nine percent of K-6 classes had 30 or more students; within the states the proportion of such large classes varied from less than one percent in several states to 30 percent in California.

WHAT IS THE LEARNING ENVIRONMENT IN OUR SCHOOLS?

- ⇒ Although violent acts in and around public schools receive a great deal of attention, they are, in fact, relatively rare events.
- Most high school sophomores feel safe in school. Furthermore there was a decrease in the proportion who felt unsafe between 1980 and 1990.
- About 80-90 percent of 6th-12th grade students and 90 percent of their parents in 1993 agreed that teachers and the principal maintained discipline in the child's school.

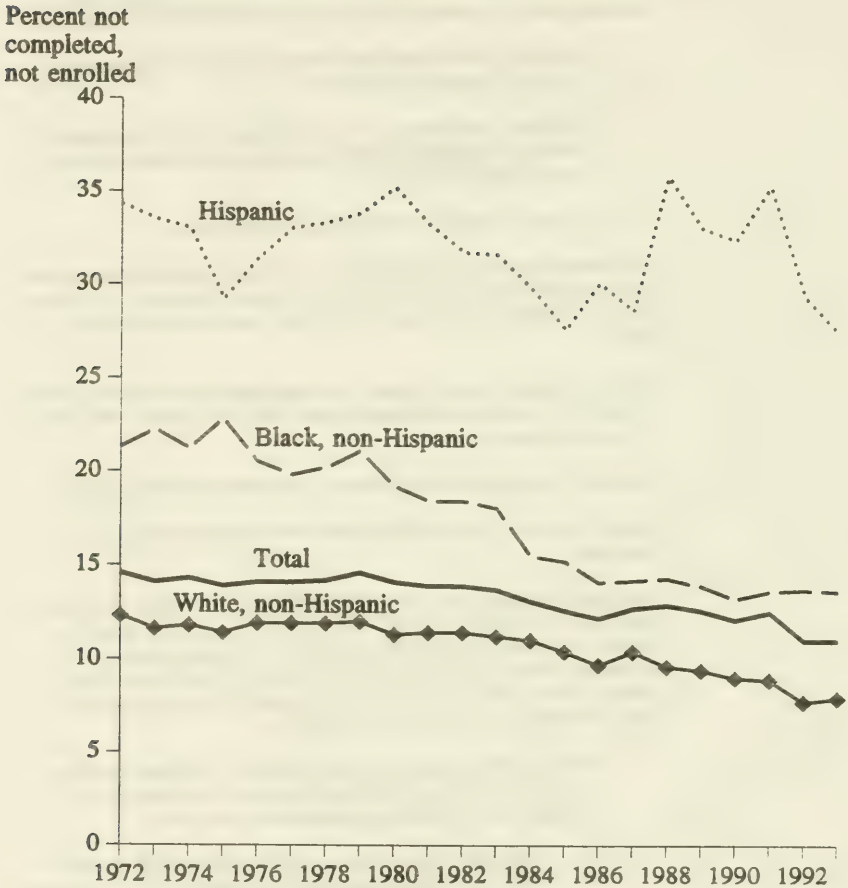
THE STUDENTS

HOW LONG DO STUDENTS STAY IN SCHOOL?

Secondary

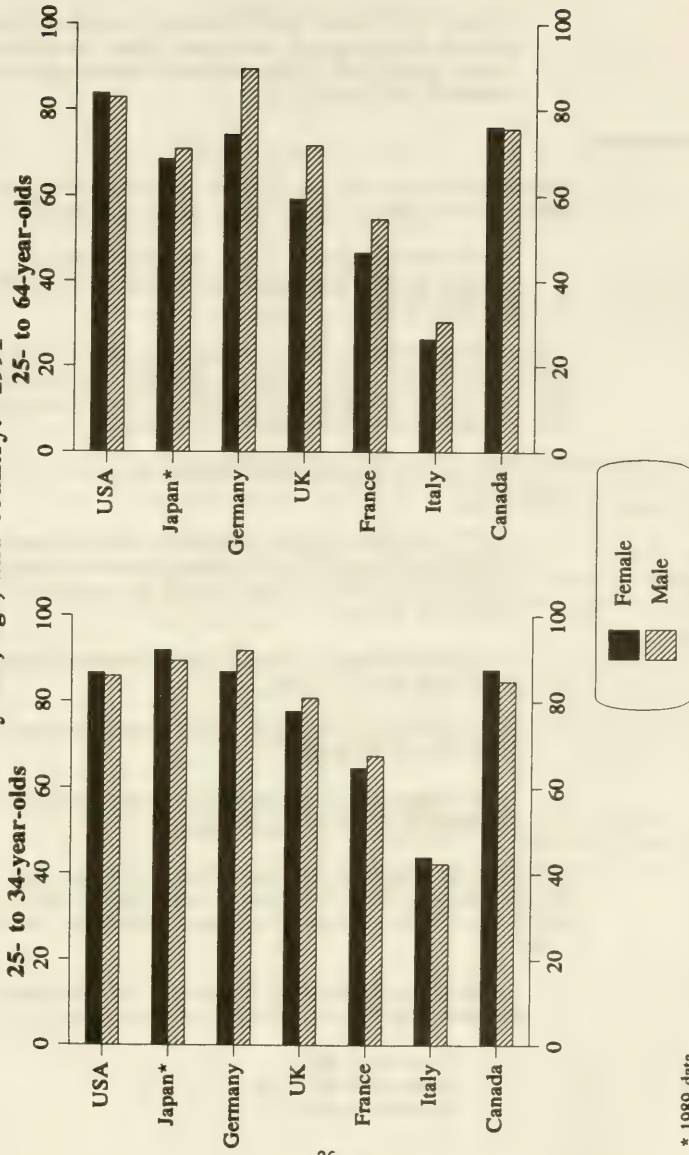
- ◇ The status dropout rate — the percentage of young people ages 16-24 who have neither completed high school nor are in school in any given year — declined from 14.6 percent in 1972 to 11.0 percent in 1993 (*Figure 8*).
 - For white, non-Hispanics the rate declined from 12.3 percent in 1972 to 7.9 percent in 1993; and
 - For black, non-Hispanics, the rate declined from 21.3 percent in 1972 to 13.6 percent in 1993, narrowing the difference in rates between whites and blacks.
 - There is no apparent trend among Hispanic youth.
- ◇ The cohort dropout rate for sophomores — the percentage of young people in a given cohort who drop out between 10th and 12th grades — declined from 11.4 percent for the Class of 1982 to 6.2 percent for the Class of 1992.
- ◇ Although dropout rates are higher in minority populations, over 60 percent of those who dropped out between October 1992 and October 1993 were white, non-Hispanic.
- ◇ About half the students who drop out of high school eventually complete.
- ◇ About 87 percent of 25- to 29-year-olds have completed high school or its equivalent.
- ◇ International Comparison. (*Figure 9*) Although in the past the U.S. had a more inclusive educational system than many other countries, in more recent years, most industrialized countries have included a higher percentage of their young population in education. Many countries (e.g. Japan, Germany, and the United Kingdom) achieve levels of secondary school completion at similar rates to the U.S.
 - Although the average school year in the U.S. has fewer days than in many other advanced industrial countries, U.S. students on average receive more hours of instruction each year.
 - Japanese 13-year-olds spend 220 days in school and have 875 hours of classroom instruction while U. S. 13-year-olds spend 178 days in school but have 1,003 hours of instruction.

FIGURE 8
Dropout rates for persons ages 16-24,
by race-ethnicity: 1972 to 1993



SOURCE: U.S. Department of Education, National Center for Education Statistics, *Dropout Rates in the United States: 1993, 1994*.

FIGURE 9
Percentage of population who have completed secondary education,
by sex, age, and country: 1991



* 1989 data

SOURCE: U.S. Department of Education, National Center for Education Statistics, *The Condition of Education, 1994*.

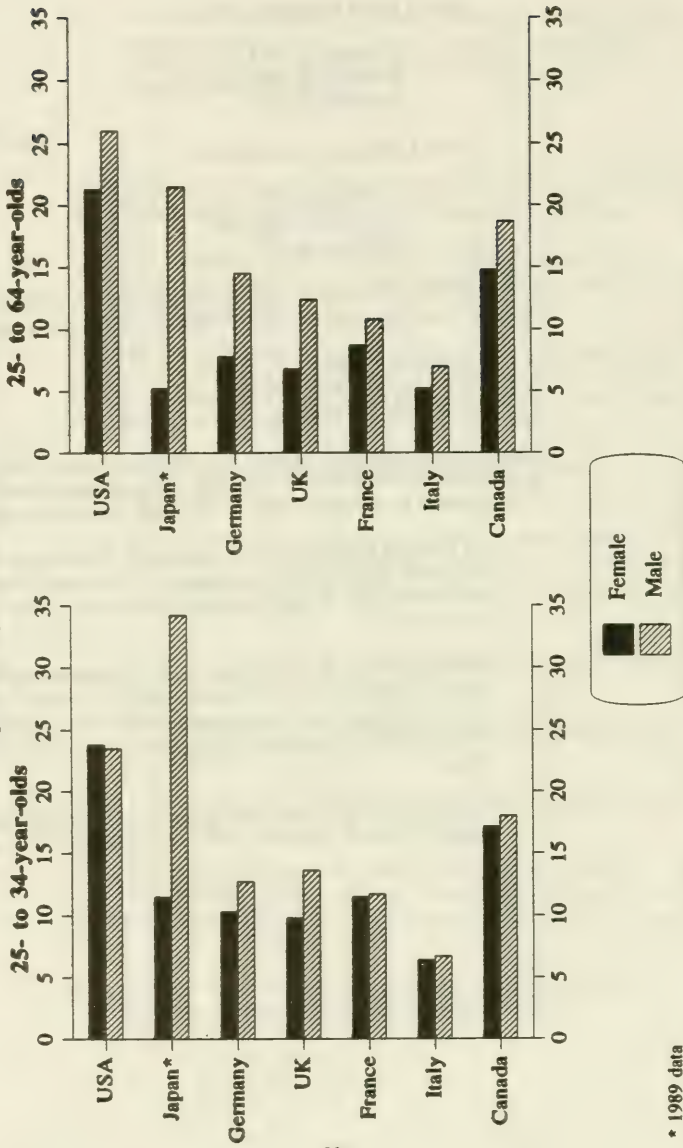
- However, U.S. students spend considerably less time studying core academic subjects, such as: reading and writing, mathematics, science, history/social studies, and foreign languages than do students in other countries.

Postsecondary

- Progress has been made over the past twenty years in providing access to postsecondary education for all who want to and are qualified to go.
 - The percentage of high school graduates enrolled in higher education the fall after graduation rose from 47 percent in 1973 to 62 percent in 1992.
- Disparities still exist between the rates at which white high school graduates immediately go on to college (64 percent in 1991) as compared to black (47 percent) and Hispanic (53 percent) graduates. Rates for both blacks and whites have increased significantly since 1983.
- Women's participation in postsecondary education has increased dramatically.
 - In 1973, 43 percent of female high school graduates entered postsecondary education the fall following graduation, compared to 50 percent of the male graduates. In 1993, the comparable figures were 65 and 60 percent.
 - In 1972 women were 44 percent of total undergraduate enrollment; in 1992 they were 55 percent.
 - In 1972 women were 41 percent of total graduate enrollment; in 1992 they were 54 percent.
 - In 1972 women were 11 percent of the total professional school enrollment; in 1992 they were 40 percent.
- Higher Education Completion. The share of young adult high school graduates completing four or more years of college has been fairly constant, at a little more than one-fourth, since the mid-1970s. This varies by race:
 - Among whites, the percent of 25- to 29-year-old high school graduates completing 4 or more years of college was:
 - 23 percent in 1971,
 - 26 percent in 1981, and
 - 30 percent in 1991.

- Among blacks the figures were:
 - 12 percent in 1971,
 - 15 percent in 1981, and
 - 14 percent in 1991.
- Among Hispanics, the rates were:
 - 11 percent in 1971,
 - 12 percent in 1981, and
 - 16 percent in 1991.
- ◊ Less than half (46 percent in 1993) of students who enter higher education complete a bachelor's degree. This completion rate varies by race:
 - 48 percent of whites,
 - 33 percent of blacks, and
 - 33 percent of Hispanics.
- ◊ *International Comparison. (Figure 10)* A higher proportion of U.S. adults complete college than in other large industrialized countries. The U.S. advantage in completion rates is particularly large for females.
 - In 1991, 24 percent of the U.S. population 25 to 64 years old had completed higher education compared to 17 percent in Canada, 13 percent in Japan, 11 percent in Germany, and 10 percent in France and the U.K.
 - Among adults 25 to 34 years old, males in Japan had higher college completion rates (34 percent) than U.S. males (24 percent), but U.S. females had higher completion rates (24 percent) than females in other countries and than males in other countries except Japan.
 - The proportion of the adult population having completed college is higher in virtually every state than in any other OECD country.

FIGURE 10
Percentage of population who have completed higher education,
by sex, age, and country: 1991



* 1989 data

SOURCE: U.S. Department of Education, National Center for Education Statistics, *The Condition of Education, 1994*.

ARE HIGH SCHOOL COURSE TAKING PATTERNS CHANGING?

- The number of total course units required for a standard high school diploma varies greatly among the states — from a low of 13 in California and Wisconsin to a high of 24 in Florida and Utah in 1993.
- In 1983, the National Commission on Excellence in Education, in *A Nation at Risk*, called for increased graduation requirements in the so-called core courses — English, mathematics, science, history/social studies, and foreign language. Changes since that time have been dramatic. (Figure 11)

 - In 1982, graduating seniors averaged 21.4 credits of which 12.7 were in the core courses.
 - In 1992, the comparable figures were 23.8 and 15.7, an increase of 3 credits in the core academic subjects.
 - Specifically, credits increased in:
 - English, from 3.9 to 4.2;
 - Mathematics, from 2.6 to 3.4;
 - Science, from 2.2 to 2.9;
 - History/social studies, from 3.2 to 3.6 and
 - Foreign language, from 1.0 to 1.7.
- The percentage of graduates who take advanced courses has increased:

 - 12 percent of 1982 high school graduates had taken trigonometry, 4 percent calculus and 14 percent physics;
 - 21 percent of 1992 graduates had taken trigonometry, 10 percent calculus, and 25 percent physics; and
 - The number of juniors and seniors taking Advanced Placement examinations rose from 24 to 57 per 1,000 students between 1984 and 1992.

FIGURE 11

**Average number of course credits earned by public high school graduates,
by specific subject: 1982 to 1992**

Subject	1982	1987	1992
Total	21.44	22.77	23.76
Academic	14.23	15.94	17.66
Mathematics	2.55	3.02	3.39
Computer science	0.08	0.31	0.35
Science	2.16	2.51	2.87
English	3.87	4.01	4.18
Social studies/History	3.16	3.31	3.58
Fine arts	1.45	1.42	1.62
Foreign language	0.96	1.36	1.67
Vocational education	4.64	4.43	3.76
Other	2.64	2.70	2.69

SOURCE: U.S. Department of Education, National Center for Education Statistics, *Digest of Education Statistics, 1994*.

WHAT ARE THE GENERAL TRENDS IN STUDENT ACHIEVEMENT?

General Trends

- Overall, in science, mathematics, and reading, there has not been a great deal of change in student performance since the early 1970s. In some cases, performance declined somewhat through the 1970s and has improved since then, as measured in the National Assessment of Educational Progress (*Figures 12 and 13*).
- In science, scores have increased since the early 1980s, regaining all the ground lost in the 1970s (except among 17-year-olds).
- In mathematics between 1973 and 1992, there was some improvement at ages 9 and 13, but not for 17-year-olds.
- The reading performance of 13- and 17-year-olds has improved slightly since the 1970s. Overall, the reading performance of 9-year-olds has not changed, reflecting increases in the 1970s and decreases in the 1980s.

Performance Gaps

- Males and females have similar average math proficiency at ages 9 and 13, and the gap at age 17 is modest. Males outperform females in science at all three ages tested and the gap has not narrowed since 1970. Females consistently outperform males in reading.
- Through the mid 1980s, the difference in average student performance between white and black students was narrowing in math, science, and reading; that trend did not continue from 1986 or 1988 to 1992.
 - The gap in all three subjects, however, remains large. Black 17-year-olds in general perform at about the same level as white 13-year-olds.
- While there has also been some narrowing of the performance gap between Hispanic and white students for some subjects and some ages, the trend is less consistent. There is no general pattern of narrowing in all subjects or all age groups.

FIGURE 12
National trends in average achievement in science,
mathematics, and reading



SOURCE: U.S. Department of Education, National Center for Education Statistics, *NAEP 1992 Trends in Academic Progress: Achievement of American Students in Science, 1969 to 1992, Mathematics, 1973 to 1992, Reading, 1971 to 1992, and Writing, 1984 to 1992, 1994.*

FIGURE 13

Student performance on the National Assessment of Educational Progress, for 9-, 13- and 17-year olds, by race/ethnicity, and selected subjects: 1975-78 and 1992

Subject and age	Average Achievement							
	1975 to 1978 ¹				1992			
	Total	White	Black	Hispanic	Total	White	Black	Hispanic
Science								
9	220	230	175	192	231*	239*	200*	205*
13	247	256	208	213	258*	267*	224*	238*
17	290	298	240	262	294	304	256*	270
Mathematics								
9	219	224	192	203	230*	235*	208*	212*
13	264	272	230	238	273*	279*	250*	259*
17	300	306	268	276	307*	312*	286*	292*
Reading								
9	210	217	181	183	210	218	184	192
13	256	262	226	233	260*	266*	238*	239
17	286	293	241	252	290*	297*	271*	271*

¹Reading, 1975; science, 1977; and mathematics, 1978.

*Significantly different from the earlier year.

NOTE: Average achievement is measured on a scale of 0 to 500.

SOURCE: U.S. Department of Education, National Center for Education Statistics, *Trends in Academic Progress: Achievement of American Students in Science, 1969 to 1992, Mathematics, 1973 to 1992, Reading 1971 to 1992, and Writing, 1984 to 1992, 1994.*

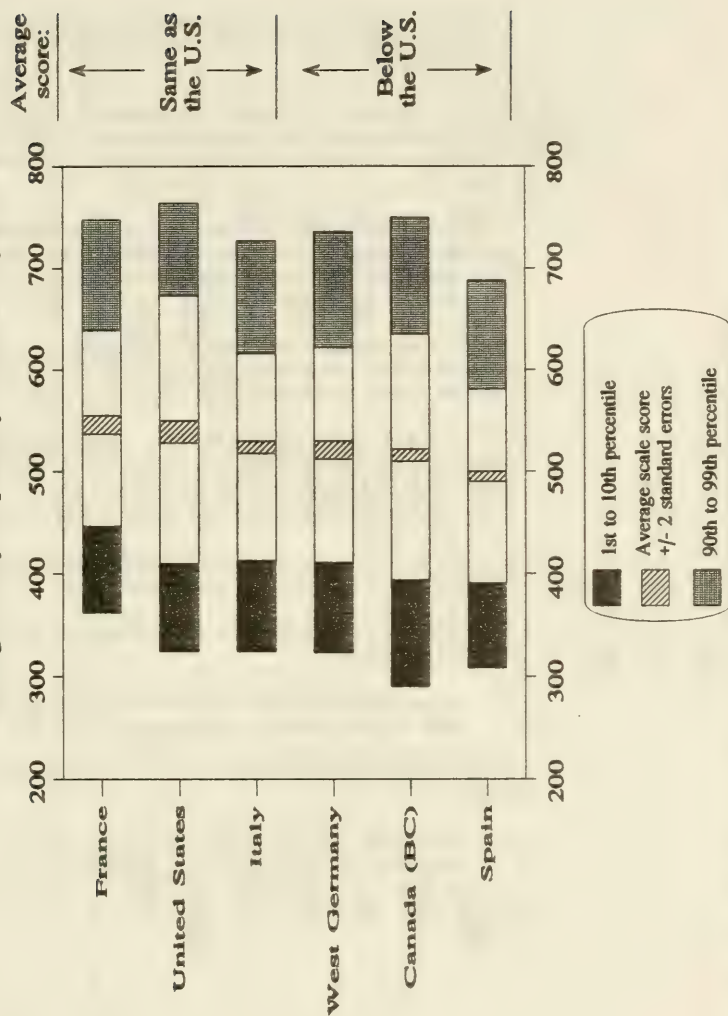
Achievement in States

- ◇ Performance by public school students in mathematics and reading varies greatly among the states.
 - In 1992 the difference between the states with the highest and lowest average 8th grade math scores was 37 points. The difference between the national average scores for public school 4th and 8th graders was only about one-third larger (49 points).
 - The range in average scores between the highest and lowest performing states was somewhat less in 4th grade (29 points in reading and 31 points in math) than in eighth grade math (37 points).
- ◇ In the 1992 state math assessment there was also greater variation in scores among students within each state than there was in the averages between states.
 - In every state the difference between 8th grade students scoring at the 25th and 75th percentile in math was as large or larger than the difference between the highest and lowest performing states.
- ◇ Many states showed gains in 8th grade math achievement between 1990 and 1992.
 - The average math achievement for public school 8th graders increased significantly in 15 states, the District of Columbia, and two territories out of 37 jurisdictions participating in both assessments.
 - No state participating in both assessments had a significant decline in average score. For the other 19 states, the average 1990 and 1992 scores did not differ significantly.

International Comparisons

- ◇ American students compare favorably with those in other developed countries in reading. In 1991, only 9- and 14-year-olds from Finland outperformed U.S. students in an international assessment of reading literacy skills (*Figure 14*).
 - For 9-year-olds, the overall score for U.S. students (547) exceeded those for students in other large countries: France (531), Italy (529), Spain (504), West Germany (503), and Canada (500).

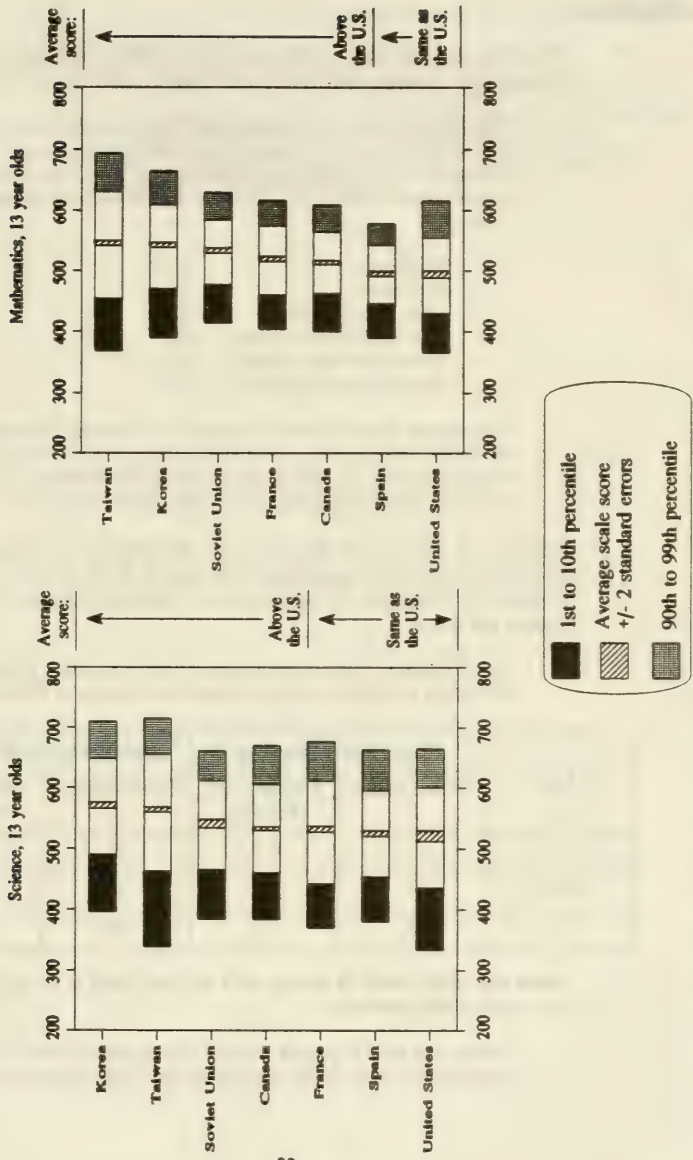
FIGURE 14
International assessments, 1991
 Reading literacy, expository domain, 14 year olds



SOURCE: U.S. Department of Education, National Center for Education Statistics, *The Condition of Education, 1994*.

- For 14-year-olds, the U.S. score on expository reading (539) was higher than for students in West Germany (521), Canada (516), and Spain (495).
- ⇒ U.S. students do not compare as favorably with students in other countries in international assessments of math and science. However, U.S. 9-year-olds do compare favorably with their peers in other countries in science (*Figure 15*).
- In 1991, U.S. 9-year-olds had lower scores in science than their age mates in Korea, but their scores were similar to those of 9-year-olds in Taiwan, Canada, and the (former) Soviet Union and above those for students in Spain.
 - At age 13, the average science score of U.S. students was similar to that of students in France and Spain and below those of students in Korea, Taiwan, the (former) Soviet Union, and Canada.
 - In 1991, U.S. 9- and 13-year-olds had lower average scores in mathematics than their peers in Korea, Taiwan, the (former) Soviet Union, Spain, and Canada. The one exception was that 13-year-olds in Spain and the U.S. had similar average scores.
- ⇒ The range in average math scores among public school students among states in our country is as wide the range among other nations.
- The students in some states perform as well students in the highest performing countries.
 - Iowa, North Dakota and Minnesota had average scores as high as Taiwan and Korea (all between 282 and 285).
 - Students in other states have similar scores to the lowest scoring country.
 - The average scores for students in Mississippi and Louisiana were similar to those for students in Jordan (256 to 249).

FIGURE 15
International assessments, 1991



SOURCE: U.S. Department of Education, National Center for Education Statistics, *The Condition of Education, 1994*.

Adult Literacy

- Those who complete more schooling and training tend to have higher literacy skills. Younger adults have higher literacy skills than older adults.
- The difference in average literacy proficiency in 1992 was around 160 points between those who had no more than 8 years of education and those with some graduate education. The average scores on prose literacy by highest level of educational attainment were:

-	0 to 8 years	177
-	9-12 years	231
-	High school diploma	270
-	Two year college degree	308
-	Four year college degree	322
-	Graduate studies/degree	336
- The average literacy scores of adults over the age of 65 are about 60 points lower on prose, document, and quantitative literacy scales than adults 40 to 54 years of age. Some of this difference reflects the lower levels of educational attainment of those over 65.
- Differences in literacy skills between whites and both blacks and Hispanics are lower among younger age groups. This may be due to smaller differences in educational attainment between whites and minorities in the younger age groups.
- The differences in prose literacy scores and educational attainment for blacks and whites and for Hispanics and whites in 1992 were:

Age	Black-white differences		Hispanic-white differences	
	Prose literacy	Average years of schools	Prose literacy	Average years of schools
19-24	41	0.7	57	1.4
25-39	52	0.9	88	2.9
40-54	65	1.6	89	3.2

- Adults with higher levels of literacy skills are more likely to be employed and to have higher earnings.
- Adults who were employed full-time had an average score on the prose literacy scale of 288 while those who were unemployed had

an average score of 260 and those who were out of the labor force a score of 246.

- The median weekly wages of adults with the lowest literacy skills were much less than those with greater literacy skills. Those at the lowest level earned about \$240 per week, while those with intermediate skills earned about \$345 per week and those with the highest skills about \$650 per week.

TRANSITION FROM SCHOOL TO WORK

- ◁ The transition from high school to work is more difficult for dropouts than for high school graduates and for blacks than for white young adults.
 - Recent high school graduates not enrolled in college are far more likely to be employed than recent dropouts. In 1992, nearly two-thirds of recent high school graduates were employed, compared to only a little more than one-third of recent dropouts.
 - For most years since 1973, employment rates for recent white dropouts have been higher than those for recent black high school graduates not enrolled in college.

	WHITE	BLACK
	Percent employed, 1991	
Recent dropouts	38	25
Recent high school graduates not in college	67	32

- ◁ Differentials in earnings across education levels have increased over the past 20 years for workers 25 to 34 years old.
 - The ratio of earnings of college graduates as compared to high school graduates rose from 1.2 to 1.6 between 1972 and 1992 for men and from 1.6 to 2.0 for women.
 - The ratio of earnings of high school dropouts as compared to high school graduates fell slightly from 0.8 to 0.7 between 1972 and 1992 for men and increased slightly for women from 0.7 to 0.8.
 - The earnings advantage over high school graduates was 3-4 times higher for college graduates than for those who had completed some college in 1992 (1.6 vs 1.1 for men and 2.0 vs 1.3 for women).

FEDERAL ROLE

Ms. CHRISTENSEN. Mr. Chairman and Members of the committee, I am going to turn now to the role of the Federal Government within this total picture of American education, focusing on the budget and programs of the Department of Education and how those programs fit into the Department's mission.

Our mission is really twofold: To ensure equal access and to promote excellence in education. Access and excellence.

With your permission, I am going to summarize my prepared statement, and I will submit the longer version for the record.

EARLY FEDERAL INVOLVEMENT

The Federal role in education really began more than 125 years ago, in 1867, when the original Department of Education was created, and that was to collect information on schools and teaching that would help the States to establish effective school systems. Over the ensuing years, the Federal role has emerged and expanded as it responded to a variety of national needs and emergencies. And I will just list a few of those examples.

The original land-grant colleges and universities, as well as State support for vocational training for high school students, were both begun around the turn of the century. World War II also led to a significant expansion of Federal support in education. In 1950, the impact aid laws eased the burden on school districts affected by the presence of military installations, and in 1944 the GI bill authorized college aid for nearly 8 million returning veterans from the war.

In 1958, the Soviet launch of Sputnik led to the passage of the National Defense Education Act, which emphasized America's need for highly trained individuals in scientific and technical fields. In the 1960s and 1970s, the Department's equal access mission emerged dramatically with the enactment of the various civil rights laws, and about the same time in 1965, the Elementary and Secondary Education Act and the Higher Education Act focused on assistance for disadvantaged Title I, for instance, for elementary and secondary students, and our large student aid programs for needy college students.

Two of the most recent examples of Federal legislation designed to respond to national needs were enacted by Congress in 1994. The Goals 2000: Educate America Act addresses the need to help States and communities implement reform plans that will raise education standards for all students. And the School-to-Work Opportunities Act responds to the need to provide for high school youth, including those with no immediate plans to attend college, opportunities to prepare for challenging high-wage jobs and for future education.

RECENT HISTORY OF DEPARTMENT

Turning now to the present day Department of Education. In 1980, the Congress established the Department of Education as a cabinet level agency. The purpose of the Department remains the same as before, to ensure access to education and to promote improvements in the quality and usefulness of education. Today, our

\$33 billion budget and 240 programs potentially affect some 64 million students attending 109,000 elementary and secondary schools in 15,000 school districts and 10,000 postsecondary institutions.

Despite the scope of its activities, the Federal role in education is, appropriately, a limited one, both constitutionally and budgetarily. Education is primarily the responsibility of State and local governments, which are best able to determine their own needs in accordance with local values and conditions. This principle is also reflected in the Federal education budget. The total cost of the national education enterprise is over \$500 billion per year. The Federal share, including all departments and agencies, of this total education spending is only about 8 percent. States, localities, and the private sector provide the other 92 percent.

DEPARTMENT'S CURRENT MISSION

The Department carries out its mission in two major ways: The first is through its leadership role in encouraging communities and States to improve education. This leadership function involves such activities as disseminating the latest discoveries on what works in teaching and learning, pursuing enforcement of and voluntary compliance with civil rights statutes, providing assistance to States and localities in administering Federal programs, and carrying on a dialogue with States and communities to raise national awareness and stimulating debate on education issues.

The second way in which the Department carries out its mission is through its 240 financial assistance programs, programs that cover every area of education and range from preschool education through postdoctoral research. Since there must be a national interest for a Federal involvement in education, and since the Federal education dollars are a relatively small portion of the total education investment, it is very, very important that Federal education programs be designed to encourage and complement State and local efforts to reform education.

CURRENT EDUCATION BUDGET

I would like now to summarize very briefly the Department's \$33 billion appropriation for 1995. This appropriation is about 2 percent of the total Federal budget and about 5 percent of the total Federal discretionary budget. Of the \$33 billion, \$25 billion falls under the discretionary spending authority of the congressional Appropriations Committees, while \$8 billion is considered mandatory or entitlement spending. Mandatory education spending includes the postsecondary student loan and the vocational rehabilitation programs.

For purposes of presenting to you the content of our 1995 appropriation, I have categorized our 240 programs and Federal administration activities according to the four priorities in the Department's strategic plan. These priorities have also been the four themes in our budget request to the Congress in the past couple of years. And I will go through these very quickly just to give you an idea of the kinds of things that fall into each category.

REACHING CHALLENGING STANDARDS

First is helping all elementary and secondary students reach challenging academic standards. About \$14 billion of the Department's budget is devoted to supporting comprehensive, standards-based reform of elementary and secondary education and helping States and school districts meet the special needs of schools and students.

Some examples: Goals 2000 is the Department's flagship education reform program and provides flexibility to States and local school districts to implement reform plans that not only involve all sectors of the community but will help to ensure that curriculum, instruction, and assessment reflect high standards.

Another example is the Title I program that focuses on raising academic achievement for over 6 million disadvantaged children in 50,000 high-poverty schools.

The Eisenhower teacher development program now covers all core academic subjects, not just mathematics and science education.

The safe and drug-free schools program supports prevention efforts in response to the problems of violence and drugs in our schools. The innovative education program, previously known as Chapter 2, helps school districts pay for a wide range of activities in support of reform. Impact aid helps pay for the education of children in school districts affected by Federal activities, such as military installations or Indian lands.

The Individuals with Disabilities Education Act helps schools meet the developmental and educational needs of over 5 million students with disabilities from birth through age 21.

Our research and statistics function, a mission that dates back to 1867, that I started out with, supports statistics, research, and the dissemination of information on what works in education to parents, teachers, school board members, and the general public.

A variety of other programs in the same category provide help for special populations, such as the limited English proficient, migrants, Native Americans, and homeless children; and then another group supports State and local efforts at innovative approaches, for instance, charter schools, magnet schools, gifted and talented programs, and technology education.

EDUCATION FOR WORK

Our second overall priority is preparing students for employment for future education—to help States and school districts give young people and adults the knowledge and skills they need for high-skill, high-wage careers. Three programs that total almost \$4 billion fit into this category.

The School-to-Work Opportunities Act, which was recently enacted, provides seed money for States to set up the systems for school-to-work opportunities, and this program is designed to sunset after five years.

Secondly, the Perkins vocational education program helps States provide training at both the secondary and postsecondary levels, and this will be a key source of support for the school-to-work systems. As they are being set up.

And then the vocational rehabilitation program assists 1 million adults with disabilities to achieve successful employment and independent living.

ACCESS TO POSTSECONDARY EDUCATION

Our third priority is ensuring access to high-quality postsecondary education and lifelong learning. The Department's budget for postsecondary education totals \$15 billion.

Fourteen billion dollars of this is in student aid, which provides grants, loans, and work-study opportunities for over 7 million financially needy students. The aid they receive totals about \$34 billion because it includes the dollars generated by the Federal appropriation—for instance, loan capital generated by private lenders and the Federal Treasury, and matching grants by States and postsecondary institutions.

Nearly 4 million students from families earning less than \$20,000 a year, receive Pell grants.

Under the student loan program, about 6.5 million postsecondary students will receive almost \$26 billion. The direct student loan program is a new streamlined lending system that makes it easier for students to obtain and repay loans and provides borrowers with more repayment options. This will enable the Department to save the taxpayers \$4.3 billion by 1998 and more than \$1 billion each year thereafter.

Other student aid includes campus-based programs, Perkins loans, supplemental education opportunity grants, and work-study, which give postsecondary institutions the flexibility they need to round out the total student aid package for their students.

I would mention that the Department has made considerable strides in recent years to improve the integrity of the student loan programs. Default rates have dropped from 22 to 16 percent. The dollar value of defaults has dropped from \$3.6 to \$2 billion, and Department collections on defaulted loans rose to \$500 million in 1994.

Institutional aid for postsecondary education includes such activities as the Title III program, improvement support for financially needy institutions, including historically black colleges and universities institutions and Hispanic-serving institutions, TRIO programs that encourage disadvantaged students to enter and complete college, international education programs that strengthen American education in foreign languages and international studies, and a number of scholarship and graduate fellowship programs.

I want to comment on just a few general characteristics of Department programs that I think the new Members of the committee will find interesting.

USE OF FEDERAL DOLLARS

First, most Federal education dollars end up with our customers, the students. Only 5 percent of Federal elementary and secondary education funding is used to cover the administrative costs of State and school districts, and only 1 percent of Federal postsecondary education spending is used by colleges and universities for program administration.

FORWARD FUNDING

A second item of information I think is interesting is that the funding mechanism for our programs is rather unique in the Federal Government, designed for maximum effectiveness and efficiency on the part of our grantees. Almost all of our programs, at both the elementary and secondary and the higher education levels, are what we call "forward funded." This means that funds are appropriated one year in advance of the academic year in which they are to be used. For instance, the fiscal year 1995 appropriation will support school year 1995-96, not the current school year.

Congress devised this financing mechanism over the years in a bipartisan effort to ensure that States, school districts, schools and colleges and universities are informed of their pending Federal allocations at least several months in advance of receipt of the dollars, when they are developing their own plans and budgets, working with State legislatures and local school boards, and signing contracts with teachers for the following school year.

TRENDS REFLECTED IN LAW

And, third, a number of recent and far-reaching trends that I have seen occurring over the past several years, have come to fruition in recently enacted legislation. For instance, an increasing emphasis on the need for challenging academic standards for all children and the need to improve teaching and learning has really permeated all of our new laws recently enacted. Greater involvement of parents and communities in improving learning at home and in school started several years ago to be incorporated into almost everything that Congress has enacted.

And then, finally, greater flexibility for the State and local grant recipients and expanded waiver authority in exchange for accountability for results, accountability meaning student achievements and student test scores.

I want to conclude my presentation with a few words about our fourth priority and that is transforming the Department of Education into a high-performance organization.

TRANSFORMING THE DEPARTMENT

The Department of Education today looks quite different than when it was created 15 years ago. The Department and its programs are very lean administratively. Over the past 15 years its staff has declined by one-third, from 7,700 employees in the former Office of Education within the old Department of Health, Education and Welfare, and the Related Agencies that included all its programs, to 5,100 employees today. At the same time, the number of programs it administers has increased by two-thirds and its budget has increased from \$14 billion to \$33 billion.

The Department is not only the smallest cabinet agency; it is also one of the most efficient in administering Federal funds, with only one employee for every \$6.3 million in budget authority. The \$644 million total for Federal administration is just 2 percent of the Department's total program dollars.

A number of streamlining and reinvention efforts are under way. Incidentally, our current Secretary and Deputy Secretary and

Under Secretary have given a very high priority to management improvement within the Department. The two overarching management goals, are, first, one in elementary and secondary education, to enhance States' and communities' efforts in reforming the entire education system; that is, emphasizing flexibility in monitoring our grant assistance to States and local educational agencies across all categorical programs—not a focus on strict audit-type or accounting-type reporting by individual program and by individual activity. We want to provide as many waivers and as much flexibility as we possibly can to let the States do what they can do that is best for the children and their education outcomes.

In postsecondary education, the major challenge will be to continue to administer effectively the new direct student loan program as its share of loan volume increases. The program is one of the best examples of reinventing government to deliver needed services at lower cost, with less bureaucracy and greater simplicity for the Department's customers, that is, the students. The initial phase of direct loan implementation has been a great success with positive reviews from schools and students, and savings that exceed earlier estimates.

That concludes my summary, Mr. Chairman, and I will now turn to Jim Thomas.

[The prepared statement follows:]

U.S. DEPARTMENT OF EDUCATION

Statement by the Deputy Assistant Secretary for Budget

on

Department of Education Budget and Programs

Mr. Chairman and Members of the Committee:

I am pleased to appear before you today at this technical briefing, and especially happy to meet the new Members of the Subcommittee. We in the Department of Education--over many years and with various Administrations--have worked closely with this Subcommittee to carry out effectively the Federal role in improving American education, and we look forward to continuing that tradition.

I plan to give you a brief overview of the Department's budget and, more importantly, how that budget reflects the Department's mission: "To ensure equal access to education and to promote education excellence throughout the Nation." Access and excellence--these are the twin themes that have run through more than 125 years of Department history. I think a snapshot of the Federal role in education, and how it has emerged over the years in responding to national needs and emergencies, will provide a helpful perspective for today's discussion.

History of Federal Role in Education

The original Department of Education was created in 1867 to collect information on schools and teaching that would help the States establish effective school systems. While the agency's name and location within the Executive Branch have changed over the past 128 years, this early emphasis on getting information on what works in education to teachers and education policymakers is as critical today as it was in 1867.

The passage of the Second Morrill Act in 1890 gave the then-named Office of Education responsibility for administering support for the original system of land-grant colleges and universities. Vocational education became the next major area of Federal aid to schools with the enactment in 1917 of the Smith-Hughes Act and in 1946 of the George-Barden Act, and their emphasis on agricultural, industrial, and home economics training for high school students.

World War II led to a significant expansion of Federal support for education. The Lanham Act in 1941 and the Impact Aid laws of 1950 eased the burden on communities affected by the presence of military and other Federal installations by making payments to school districts. And, in 1944, the "GI Bill" authorized postsecondary education assistance that aided nearly 8 million World War II veterans.

The Federal role in education expanded again in 1958 when Congress passed the National Defense Education Act--the first example of comprehensive Federal education legislation--in response to the Soviet launch of Sputnik. The NDEA emphasized the need for highly trained individuals to help America compete with the Soviet Union in scientific and technical fields, and included support for loans to college students, the improvement of science, mathematics, and foreign language instruction in elementary and secondary schools, graduate fellowships, foreign language and area studies, and vocational-technical training.

The anti-poverty and civil rights laws of the 1960s and 1970s brought about a dramatic emergence of the Department's equal access mission. The passage of laws such as Title VI of the Civil Rights Act of 1964, Title IX of the Education Amendments of 1972, and Section 504 of the Rehabilitation Act of 1973--which prohibited discrimination based on race, sex, and disability, respectively--made civil rights enforcement a fundamental and long-lasting focus of the Department of Education. In 1965, the Elementary and Secondary Education Act launched a comprehensive set of programs, including the Title I program of Federal aid to disadvantaged children to address the problems of poor urban and rural areas. And in that same year, the Higher Education Act authorized assistance for postsecondary education, including financial aid programs for needy college students.

Two of the most recent examples of Federal legislation designed to respond to national needs were enacted by Congress in 1994. The Goals 2000: Educate America Act addresses the need to help States and communities implement reform plans that will raise education standards for all students. And the School-to-Work Opportunities Act responds to the need to provide, for high school youth, including those with no immediate plans to attend college, opportunities to prepare for challenging, high-wage jobs and for future education.

The Present-Day Department of Education

In 1980, Congress established the Department of Education as a Cabinet level agency. The stated purpose of the Department remains the same as before--to ensure access to education and to promote improvements in the quality and usefulness of education. Today, the Department's \$33 billion budget and 240 programs affect some 64 million students attending 109,000 elementary and secondary schools in 15,000 school districts, and 10,000 postsecondary institutions.

Despite the scope of its activities, the Federal role in education is, appropriately, a limited one--both constitutionally and budgetarily. Under our Constitution, education is primarily the responsibility of State and local governments, which are best able to determine their own educational needs in accordance with local values and conditions. This principle is reflected in the Federal education budget. The total cost of the national education enterprise is over \$500 billion per year. The Federal share--including all Departments and

agencies--of this total education spending is only about 8 percent. States, localities, and private organizations and individuals provide the other 92 percent.

The Department carries out its mission in two major ways. The first is through its leadership role, which can be a critical one in encouraging communities and States to improve American education for all our students. This leadership function involves such activities as disseminating the latest discoveries on what works in teaching and learning, pursuing enforcement of, and voluntary compliance with civil rights statutes, providing assistance to States and localities in administering Federal programs, and carrying on a dialogue with States and communities to raise national awareness and stimulate debate of education issues.

The second way in which the Department carries out its mission is through the administration of its 240 programs each year--programs that cover every area of education and range from preschool education through postdoctoral research. Since there must be a national interest for a Federal involvement in education, and since the Federal education dollars are a relatively small portion of the total education investment, it is critical that Federal education programs be designed to encourage and complement State and local efforts to improve education.

I would like now to summarize briefly the Department's \$33 billion appropriation for 1995. This appropriation is about 2 percent of the total Federal budget, and about 5 percent of the total Federal discretionary budget. Of the \$33 billion, \$25 billion falls under the discretionary spending authority of the Congressional Appropriations Committees, while \$8 billion is considered mandatory, or entitlement, spending. Mandatory education spending includes the postsecondary student loan and vocational rehabilitation programs.

For purposes of presenting to you the content of our 1995 appropriation, I have categorized our 240 programs and Federal administration activities according to the four priorities in the Department's Strategic Plan: (1) Helping all elementary and secondary students reach challenging academic standards; (2) creating State school-to-work opportunities systems to prepare students for employment and future education; (3) ensuring access to high-quality postsecondary education and lifelong learning; (4) and transforming the Department of Education into a high-performance organization. These priorities have also been the four themes in our budget over the past two years.

Helping All Students Reach Challenging Academic Standards

About \$14 billion of the Department's budget is devoted to supporting comprehensive, standards-based reform of elementary and secondary education and helping States and school districts meet the special needs of schools and students. For example:

- Goals 2000 is the Department's flagship education reform program. This \$400 million effort provides great flexibility to

States and school districts to implement reform plans that involve all sectors of the community and that ensure that curriculum, instruction, and assessment all reflect high standards. Over 40 States have submitted applications for first-year funds to develop their statewide reform plans. We are now completing review of the first actual plan--submitted by Oregon--and we expect to begin shortly the review of plans for Kentucky and Utah.

- The Title I Education for the Disadvantaged program directs more than \$7 billion to over 6 million educationally disadvantaged children in 50,000 high-poverty schools nationwide. As recently reauthorized, Title I emphasizes high standards and accelerated learning rather than remedial instruction, and encourages schoolwide programs to raise the academic performance of all children.
- The Eisenhower Professional Development program, funded at \$320 million, underscores the importance of teachers in the education reform movement. These locally guided training programs have been expanded from mathematics and science education to cover all the core academic subjects.
- The Safe and Drug-Free Schools program responds to the continuing crises of violence and drugs in our schools by supporting comprehensive school- and community-based drug abuse and violence prevention programs. This \$500 million program gives school districts the flexibility to design their own programs to address local needs.
- The Innovative Education Program Strategies program--previously known as Chapter 2--allocates \$350 million to States and school districts to help pay for a broad range of activities in support of educational reform and innovation. Funds may be used to purchase instructional materials and to support such activities as Goals 2000 reforms, programs for at-risk and gifted children, and literacy programs for students and their parents.
- The \$700 million Impact Aid program helps pay for the education of children in school districts where the presence of Federal activities, such as military installations or Indian lands, reduces the local property tax base that is ordinarily a major source of school funding.
- The Department also helps States and school districts meet their responsibility to provide a free and appropriate public education for children with disabilities. Under the Individuals with Disabilities Education Act, over \$3 billion supports grants to States, as well as selected research, training, and dissemination activities, to help schools meet the developmental and educational needs of students with disabilities from birth through age 21.

- The Department's Research and Statistics function--a mission dating back to 1867--remains today a key Federal responsibility. About \$165 million enables the Department to support research on effective educational practices for all children and to chart the performance of the American education system through the collection of statistics and evaluation data. In order to translate research into practice and help local decisionmakers improve their schools, the Department disseminates the latest information on education to parents, teachers, school board members, and the general public.
- A few smaller categorical programs totaling about \$400 million provide special help to States and local school districts in addressing the educational needs of special populations such as the limited-English-proficient, migrants, Native Americans, and the homeless.
- Finally, the Department administers a variety of competitive grant programs that support efforts by States, schools and schools districts, community groups, and postsecondary institutions to develop and demonstrate innovative approaches to solving problems in the schools and to improving the effectiveness of education. These include such programs as the new \$6 million Charter Schools program, the \$112 million Magnet Schools program, and the \$10 million Education for the Gifted and Talented program. Another example is the new \$40 million Technology in Education program which will help stimulate the development and use of technology in education.

Preparing Students for Employment and Future Education

The Department of Education administers several programs that respond to the Nation's growing understanding of the relationship between its educational performance and its competitiveness in the global economy, and the new emphasis on the connections between school and work. These programs help States and school districts give young people and adults the knowledge and skills they need for high-skill, high-wage careers and for further education and training.

- The School-to-Work Opportunities Act provides seed money to States for the development of comprehensive school-to-work systems. These systems will combine school-based and work-based learning with activities designed to prepare students for a first job. The program is currently funded at \$125 million, and is administered jointly with the Department of Labor which has the same dollar level. This program is specifically designed to sunset after 5 years.

- The Perkins Vocational Education program provides over \$1 billion for grants to States to help pay for vocational training programs at both the secondary and postsecondary levels. Activities range from pre-vocational courses for secondary school students to retraining adults in response to changing technological and labor market conditions. These programs have increasingly emphasized a combination of sound academic education and broad-based occupational skills training, and these dollars can be a key source of support for State and local reforms of vocational education begun under the School-to-Work Opportunities Act.
- The \$2 billion Vocational Rehabilitation program assists 1 million adults with disabilities, most of them severe, in achieving successful employment outcomes and independent living.

Ensuring Access to High-Quality Postsecondary Education and Lifelong Learning

The Department's budget for postsecondary education totals \$15 billion. Most of this supports student financial aid programs, while almost \$1 billion funds a variety of postsecondary institutional support and special student services programs.

The \$14 billion in student aid provides grants, loans, and work-study opportunities for over 7 million financially needy postsecondary students. The aid they receive totals about \$34 billion, including the dollars generated by the Federal appropriation--for instance, loan capital provided by private lenders and the Federal Treasury, and matching grants by States and postsecondary institutions.

- Under the \$6.2 billion Pell Grant program, nearly 4 million disadvantaged postsecondary students receive grants averaging \$1,550. Most Pell recipients are from families earning less than \$20,000 a year.
- Under the student loan programs--both Direct Student Loans and Federal Family Education Loans (FFEL)--about 6.5 million postsecondary students and their families this year will receive almost \$26 billion. The Student Loan Reform Act of 1993 authorized the Direct Student Loan program--a new streamlined lending system that simplifies for students the processes of obtaining and repaying loans, and provides borrowers with greater repayment flexibility. In addition, the Department will save the taxpayers \$4.3 billion by 1998, and more than \$1 billion each year thereafter, because the loan capital is provided directly by the Federal Government rather than through reinsurance and subsidization of private lenders, as is done under the FFEL program.

- The Department's \$1.4 billion campus-based aid programs give postsecondary institutions flexibility in rounding out, along with Pell Grants and Loans, their aid packages for needy students. These include the low-interest Perkins Loans program which provides over 700 thousand loans each year; the Supplemental Education Opportunity Grants program which gives almost 1 million additional grants to needy students; and the Work-Study program which supports mostly campus-based jobs allowing 700 thousand students to earn about \$1,000 annually. Each of these programs requires a 25 percent match from participating schools.
- The Department also stimulates need-based postsecondary grant aid at the State level through the State Student Incentive Grant program. When this program was first authorized in 1972, fewer than 30 States had grant programs for needy undergraduates. Now 57 States and Territories fund need-based grants for college students, and the \$63 million SSIG program--which requires 50 percent match from the States--is overmatched by about \$2 billion.
- Protecting this substantial investment in Federal Student Aid is a relatively small, but extremely significant, appropriation of \$20 million for the 2-year-old State Postsecondary Review program. These dollars are used to strengthen States' certification and review of postsecondary institutions, a critical component in our efforts to protect the taxpayers' investment in student aid and to prevent abuse of Department programs by unscrupulous schools.
- The Department already has made considerable strides in recent years in improving the integrity of the Federal student aid programs. For example, default rates in the guaranteed student loan programs have decreased from 22 percent to 16 percent, while the dollar value of defaults has declined from \$3.6 billion in 1991 to \$2 billion in 1994. In addition, Department collections on defaulted student loans rose to \$500 million in 1994.

In the area of institutional aid, about \$1 billion supports a number of program development and special student service activities. For instance:

- The \$230 million Aid for Institutional Development program provides operating and endowment support to strengthen the academic programs and fiscal management of about 400 financially needy colleges and universities that serve disadvantaged students, including Historically Black Colleges and Universities and Hispanic-serving institutions.
- The \$463 million TRIO programs include Student Support Services, Upward Bound, Talent Search, Educational Opportunity Centers, and McNair Postbaccalaureate programs. These activities provide special remedial and tutoring services for 700 thousand

disadvantaged students, to encourage them to enter and complete postsecondary education.

- The \$59 million International Education programs are designed to strengthen the American education system in the area of foreign languages and international studies. The funds support a variety of activities, including comprehensive language and area study centers within the United States, research and curriculum development, and opportunities for American scholars to study abroad.
- A number of Scholarship and Graduate Fellowship programs, funded at \$112 million, serve a variety of purposes such as providing merit-based college aid to outstanding high school seniors, encouraging outstanding students to enter the teaching profession, supporting women and minorities in graduate education, and providing graduate assistance in areas of national need such as science, mathematics, and foreign languages.
- The Fund for the Improvement of Postsecondary Education provides \$17 million for grants that encourage colleges and universities to identify and pursue improvements in education quality and cost effectiveness. FIPSE also plays an important role in helping postsecondary institutions respond to new national interests and needs. For example, FIPSE is sponsoring educational exchanges between the United States, Mexico, and Canada related to the implementation of the North American Free Trade Agreement (NAFTA).
- In addition to supporting postsecondary education at a wide variety of institutions, the Department provides significant support for lifelong learning in the Nation's public and higher education libraries. The Department's Library programs currently provide \$144 million to public and higher education libraries through a combination of State formula grants and competitive grants. In recent years most of these funds have been used to expand the use of technology in managing library resources.

General Characteristics and Trends in Department of Education Programs

Most Federal education dollars end up with our customers--the students. Only 5 percent of Federal elementary and secondary education funding is used to cover the administrative costs of States and school districts, and only 1 percent of Federal postsecondary education spending is used by colleges and universities for program administration.

The availability of funding for our programs is also designed for maximum effectiveness and efficiency on the part of our grantees. Almost all our programs--at both the elementary and secondary and the higher education levels--are "forward funded." This means that the funds are appropriated one year in advance of the academic year in which they are to be used; for instance, the fiscal year 1995 appropriation will support school year 1995-96. Congress devised this financing mechanism over the years, in a bipartisan effort, to ensure that States, school districts, schools, and colleges and universities are informed of their pending Federal allocations at least several months in advance--when they are developing their own plans and budgets, working with State legislatures and local school boards, and signing contracts with teachers for the following school year.

A number of recent and far-reaching trends are occurring in our elementary and secondary education programs. Some of these efforts have been strengthened by newly enacted legislation such as Goals 2000 and the Elementary and Secondary Education Act reauthorization. Some examples of these trends are:

- An increasing emphasis on the need for challenging academic standards for all children and the need to improve teaching and learning.
- Greater involvement of parents and communities in improving learning at home and in school.
- Greater flexibility for State and local grant recipients and expanded waiver authority in exchange for accountability for results.

Transforming the Department of Education Into A High-Performance Organization

The Department of Education today looks quite different than when it was created 15 years ago.

The Department and its programs are very lean administratively. Over the past 15 years, its staff has declined by one-third--from 7,700 employees in the former Office of Education within the old Department of Health, Education, and Welfare and related agencies, to 5,100 employees today. At the same time, the number of programs it administers has increased by two-thirds; and its budget has increased from \$14 billion to \$33 billion.

The Department is not only the smallest Cabinet agency; it is also one of the most efficient in administering Federal funds, with only one employee for every \$6.3 million in budget authority. The \$644 million total for Federal administration is just 2 percent of the Department's total program dollars.

Transforming the Department of Education into a high-performance organization that can more effectively serve its customers, and that can do more with less, has been one of the top priorities of our current Secretary, Deputy Secretary, and Under Secretary.

In elementary and secondary education, a primary goal is to improve the Department's capacity to better serve States and communities as they seek to reform education. In program monitoring, for instance, the emphasis will be shifted from compliance to performance--from a focus on narrow reporting and audit-type requirements to one that provides flexibility to States and localities in raising student performance. Another example is the establishment of "area desks" to allow staff to provide technical assistance and monitoring functions across categorical programs, thus enhancing State and local efforts to reform education within the entire system and across all programs.

In postsecondary education, the major challenge will be to continue to administer effectively the new Direct Student Loan program as its share of new loan volume increases from 5 percent in 1994-95, to 40 percent in 1995-96. The Direct Loan program is one of the best examples of reinventing government to deliver needed services at lower cost, with less bureaucracy, and greater simplicity for the Department's customers. The initial phase of direct loan implementation has been a great success, with positive reviews from schools and students and savings that exceed earlier estimates. We will be working hard to maintain and even improve on this record of success as loan volume increases during the coming year.

Other streamlining and reinvention efforts within the Department include providing easy access to information about the Department's programs and about strategies to improve program effectiveness, reducing unnecessary administrative burden on the recipients of Federal funds while encouraging them to concentrate resources on improving student achievement and performance, and gathering and using feedback from its customers to improve the quality of the Department's work.

I am attaching to my statement a chart that compares the number of Department programs with employment levels over the past 15 years and a table that categorizes the Department's appropriations by level of education--elementary and secondary, postsecondary, and other--over the past 15 years.

Mr. Chairman, I will now be happy to respond to any questions you or the Members may have.

BIOGRAPHICAL SKETCH

NAME : Sally H. Christensen

POSITION : Deputy Assistant Secretary for Budget
U.S. Department of Education

EDUCATION : Dunbarton College of Holy Cross
Additional courses at American University
and University of Virginia

EXPERIENCE

1981 to Present : Deputy Assistant Secretary for Budget
U.S. Department of Education

January-July 1993 : Acting Assistant Secretary for Management and Budget
and Chief Financial Officer
U.S. Department of Education

March-May 1991 : Acting Deputy Under Secretary for
Planning, Budget, and Evaluation
U.S. Department of Education

January-October 1981 : Acting Assistant Secretary for
Planning, Budget, and Evaluation
U.S. Department of Education

1980-1981 : Deputy Assistant Secretary
Budget Systems and Services
U.S. Department of Education

1954-1980 : Various Supervisory and Analytical Positions
U.S. Office of Education

HONORS AND AWARDS : President's Distinguished Executive Award,
The White House (1982 and 1988)

Bonus Award for Senior Executive Service
(each year, 1981 through 1994)

Special Citations from U.S. Secretaries of Education
(1980, 1981, 1984, and 1986), and U.S. Commissioners
of Education (1972 and 1980)

Superior Service, Cash, and Other Awards, 1965-81

Four-year Academic Scholarship to Dunbarton College
Valedictorian of High School Class

COMMUNITY AFFILIATIONS: Arlington County (Virginia) Committee of 100

President, Reed Elementary School PTA, Arlington, VA
(1979-1980)

School Board Representative and Member of Advisory
Council on Volunteer Programs to Arlington County
School Board, VA, 1977-1980 (Chairman in 1978)

Volunteer Teacher Assistant (part-time), Reed
Elementary School, Arlington, VA, 1975-1979

DEPARTMENT OF EDUCATION

Office of the Under Secretary

Biographical Sketch

NAME : Thomas P. Skelly

POSITION : Director, Budget Systems Division

BIRTHPLACE AND DATE : Washington, DC, January 19, 1952

EDUCATION : College of William and Mary, Williamsburg, VA, 1974, A.B. in Government
University of Virginia, Charlottesville, VA, 1975, M.A. in Government

EXPERIENCE :

PRESENT : Director, Budget Systems Division

1980 - 1982 : Director, Budget Review Division, Office of Planning, Budget and Evaluation (OPBE)

1979 - 1980 : Budget Analyst/OPBE/Department of Education Transition Team

1977 - 1979 : Budget Analyst, National Institute of Education

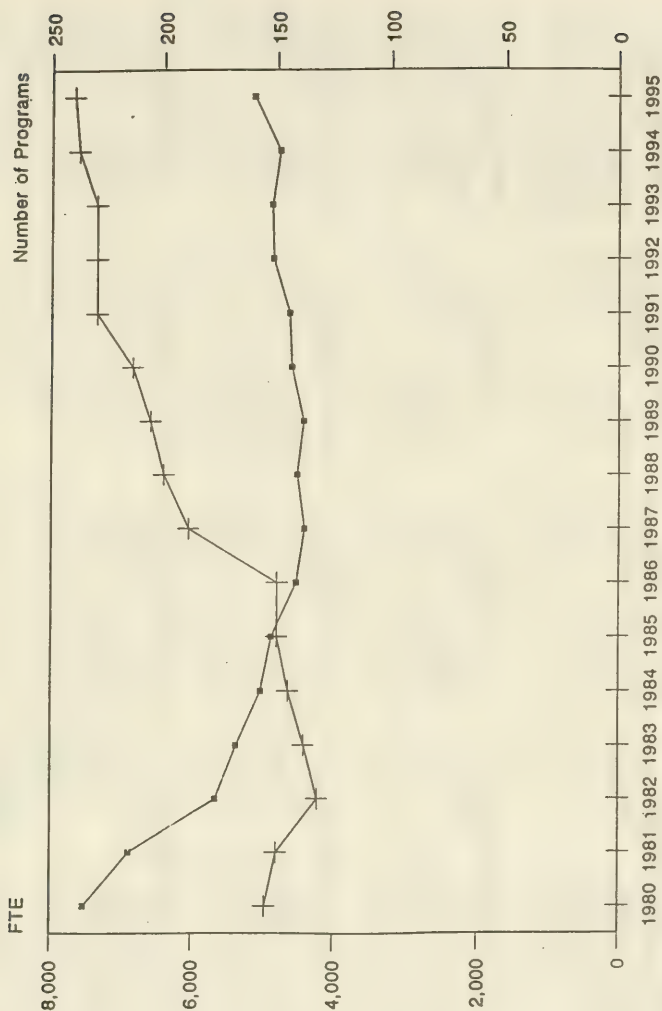
1975 - 1976 : Budget Analyst, Office of Education

1974 - 1975 : Graduate Student, University of Virginia

1974 : Summer Employment Coordinator, Office of Education

HONORS AND AWARDS : Distinguished Presidential Rank Award, 1992
Meritorious Presidential Rank Award, 1989
Director, Association for Budget and Program Analysis, 1988-89
Treasurer, Lyon Village Community House, 1989-1991
Boston Marathon 10 times - 2:36 best
Director of volunteers, Cherry Blossom 10 mile 1978-1991
Director, Arlington Havens, Inc. 1993-

Department of Education FTE Usage/Number of Programs



FTE	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
Programs	240	155	132	138	145	150	150	189	200	206	214	230	230	238	238	240
FTE	4,528	4,883	5,660	5,369	5,026	4,877	4,527	4,413	5,164	4,425	4,596	4,630	4,859	4,876	4,766	5,131

EDUCATION DEPARTMENT BUDGET BY LEVEL, 1980-1995

	1980 Appropriation		1981 Appropriation		1982 Appropriation		1983 Appropriation	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
(dollars in thousands)								
Elementary and Secondary	7,133,726	50.3%	6,532,818	43.9%	6,060,833	41.2%	6,512,928	42.3%
Postsecondary.....	5,659,192	39.9%	6,938,852	46.7%	7,286,769	49.5%	7,374,342	47.9%
Other.....	1,377,832	9.7%	1,400,509	9.4%	1,369,692	9.3%	1,519,578	9.9%
Total.....	14,170,750	100.0%	14,872,179	100.0%	14,717,314	100.0%	15,406,848	100.0%
	1984 Appropriation		1985 Appropriation		1986 Appropriation		1987 Appropriation	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
Elementary and Secondary	6,934,752	45.0%	7,650,822	40.1%	7,381,469	41.3%	8,684,091	44.3%
Postsecondary.....	6,895,031	44.7%	9,685,943	50.8%	8,725,943	48.8%	8,949,105	45.6%
Other.....	1,588,815	10.3%	1,720,380	9.0%	1,762,689	9.9%	1,974,906	10.1%
Total.....	15,418,598	100.0%	19,057,145	100.0%	17,869,722	100.0%	19,608,102	100.0%
	1988 Appropriation		1989 Appropriation		1990 Appropriation		1991 Appropriation	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
Elementary and Secondary	9,225,140	45.6%	9,840,189	42.9%	10,965,482	44.5%	12,594,913	45.8%
Postsecondary.....	8,916,251	44.1%	10,916,896	47.6%	11,306,928	45.9%	12,363,298	45.0%
Other.....	2,092,133	10.3%	2,199,339	9.6%	2,353,084	9.6%	2,545,113	9.3%
Total.....	20,233,524	100.0%	22,956,424	100.0%	24,625,494	100.0%	27,503,324	100.0%
	1992 Appropriation		1993 Appropriation		1994 Appropriation		1995 Appropriation	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
Elementary and Secondary	13,926,475	48.3%	13,876,626	44.1%	14,418,862	53.5%	15,307,631	45.4%
Postsecondary.....	12,135,872	42.1%	14,661,535	46.6%	9,427,129	35.0%	15,195,490	45.1%
Other.....	2,788,456	9.7%	2,932,379	9.3%	3,101,409	11.5%	3,219,966	9.5%
Total.....	28,850,803	100.0%	31,470,540	100.0%	26,947,400	100.0%	33,723,087	100.0%
Change, 1980-1995								
Budget Trend								
	Amount		Percent					
Elementary and Secondary	8,173,905	114.6%						
Postsecondary.....	9,536,298	168.5%						
Other.....	1,842,134	133.7%						
Total.....	19,552,337	138.0%						

INSPECTOR GENERAL

Mr. THOMAS. Mr. Chairman and Members of the subcommittee, with your permission, Mr. Chairman, I would like to summarize my statement and submit the longer version for the record.

Thank you for this opportunity to meet with you today to discuss some perspectives of the Office of Inspector General on the Department of Education's programs and activities and to highlight some major issues on which the Department and the Congress need to continue to focus.

In this period of streamlining and of reducing the size of government, we continue to recognize our responsibilities to assist Congress and the Department in assuring accountability for the billions of dollars in education funds, with a minimum of intrusive, expensive, and ineffective Federal regulations. We have identified program design issues, which involve program fragmentation and duplication, and the lack of performance standards as an issue.

PROGRAM DESIGN ISSUES

Fragmentation, in the way Education Department programs were created and administered has been a hindrance in carrying out its mission and working toward obtaining the national education goals. Goals 2000 and the Improving America's School Act have strengthened the requirements for collaboration among programs administered by the Department, but the Department still administers more than 200 different programs.

Few ED programs have had performance standards or measures to ensure that money spent on Federal education programs brings about desired results. It is critical to clearly state the outcomes that are expected. The Department is now planning to develop performance measures for its largest 15 programs, and we will continue to monitor progress in this area.

PROGRAM OPERATION ISSUES

We believe that program operations can be improved in areas of customer focus, program monitoring, and core financial systems. The Department's recent strategic plan has clearly stated that ED views learners of all ages as its most important customer. However, we believe that this will only be meaningful if it is effectively translated into the day-to-day business of the Department's managers as they go about their decision making.

The Department is in the process of further defining its customers now. We pointed out in 1993 that little had been done to monitor formula and discretionary grants. The Department has created a team which is identifying strategies and developing a monitoring system, however no standards have yet been issued for monitoring either discretionary or formula grants.

IMPROVING MONITORING AND ENFORCEMENT

In 1993, I discussed with this subcommittee what I believe were very serious problems with program operations related to deficient or nonexistent data systems for financial management, monitoring and policy analysis within the Department. The Department is working to put in place a modern core financial system, starting in

1995 and it is to be fully functional by 1998. To help assure accountability, we recommend that the Congress include self-enforcing mechanisms, clear standards, and performance measures.

Currently, we are often faced with complex statutes requiring complex regulations that are difficult and resource intensive to enforce and/or statutes with narrow technical specifications and criteria by which to perform oversight. The result of this is that everyone ends up dissatisfied, the Congress, the Department, students, taxpayers, and the schools.

We must also maximize the use and effectiveness of available Federal enforcement resources by congressional action to grant OIG criminal investigators full law enforcement authority and forfeiture authority.

Currently, we must request from the Department of Justice deputation on each individual case as we determine the need for that. In an instance where approval has been slow in coming, OIG agents have had to locate other willing Federal agents who have full law enforcement authority, which is wasteful of scarce law enforcement resources.

Statutory forfeiture authority would give the OIG access to an additional source of revenue to defray certain criminal investigative costs. OIG would like to be placed in at least the same position as State law enforcement agencies that can, under Federal law, claim and receive an equitable share of the cash proceeds of forfeited assets to offset the cost of their assistance with asset forfeiture cases.

STUDENT AID MANAGEMENT

Mr. Chairman, what I have discussed so far are issues that apply to all ED programs and operations in general. I would like now to focus on the student financial aid programs, which constitutes such a large portion of ED operations and funding and which are a vulnerable area.

Many of our previous recommendations for improvement focused on existing problems in the SFA programs and were focused on management improvements and legislative changes. Over the years, the Congress has provided many needed legislative amendments and the Department has implemented many corrective actions; however, problems still exist.

In terms of program design, the current system for Title IV funding for vocational training affords little assurance that the training provided to students is helping them obtain gainful employment. Reports issued by my office in 1987, and again in 1993, noted that individuals were being trained with a heavy investment of Federal funding for nonexistent jobs. Our 1993 report pointed out that student aid programs are structured to make funds available to students without regard to labor market needs or to performance records of the schools.

Many students enrolled in vocational training programs incur significant debts and then are unable to find work because they have been trained in fields where jobs are not available. These students often feel victimized and default on their student loans. They are ineligible for additional aid by virtue of their defaults and are thereby hindered in their pursuit of other education and career options. Students and taxpayers lose under this system.

Our 1993 report recommended that labor market needs and the performance of schools, in graduating and placing their students, be considered in SFA funding for vocational training. We also recommended that the Department take the lead in convening an interagency task force to study different funding approaches for vocational training. We understand that both of these suggestions are under consideration by the Department but that related legislative proposals will not be forthcoming until later in 1995.

DIRECT LOANS

With the academic year 1994-95, the direct loan program mandated the selection and participation of schools representing 5 percent of the Federal Family Education Loan program volume. Disbursement of the first direct loans to students and parents in participating schools was made on July 1, 1994.

Further, for the 1995-96 academic year, direct loan volume has increased to 40 percent of the total FFEL volume. ED designed and implemented the direct loan system in just six months rather than a normal design system that would take about two years. Given this short time frame, the real stress testing of the system is only just now taking place during operation. In the coming year, the Department may be faced with a monumental task of addressing system errors and deferred changes while at the same time expanding from 5 percent of loan volume in 1994-95 to the required 40 percent in 1995-96, a 700 percent increase in activity.

There currently is an inability to reconcile all records due to start-up problems. We continue to provide advisory and technical assistance services to the Department as control weaknesses are identified and the Department attempts to correct these weaknesses.

We hasten to add that, even though I have focused on a couple of shortcomings, I think the Department has done a terrific job in getting as far as they have and as fast as they have in this area.

STUDENT AID GATEKEEPING

In terms of program operations, the SFA gatekeeping process has proven insufficient in keeping weak and unscrupulous schools out of the SFA programs. In 1992, the Congress enacted many provisions aimed at correcting gatekeeping deficiencies. Although the Department has worked diligently to publish final regulations in 1994, many of these improvements are yet untested.

The current portfolio and thus exposure of guaranteed loans is about \$69 billion. The Department has estimated future liabilities at present value on this portfolio of about \$13.6 billion. As the transition to direct lending proceeds, the gradual reduction in their share of the loan market may conceivably lessen the incentive for guarantee agencies to continue to perform their guarantee loan program responsibilities. If the Department is not able to address these problems promptly, losses could result with potential significant liability to the government.

Because certain aspects of the Federal direct student loan program are similar to the Pell grant financial management system, we have committed resources to assist the Department in identifying potential problems before they occur in the direct loan program.

We confirmed the citizenship status of all Pell grant recipients that had claimed U.S. citizenship and found that over 45,000 were not U.S. citizens. These ineligible recipients were awarded over \$70 million in Pell grants and another \$45 million in Stafford loans. We recommended that the Department strengthen its existing citizenship verification process by confirming the citizenship status of student aid applicants with the Social Security Administration.

NONPAYMENT OF STUDENT REFUNDS

Another area of concern regarding program accountability relates to failure on the part of institutions participating in the current loan programs to pay loan refunds when students withdraw from school during the periods for which the loans were made. Students at this moment are being victimized by the schools failure to pay refunds and when loan defaults result, the taxpayer is victimized as well. This is among the most frequently recognized problems in our reviews of schools.

OIG has offered several recommendations for changes in the statute to help reduce this refund problem. These include requiring schools to report regularly to the Department on the status of their refund liabilities, enacting changes to program fraud provisions to counter a recent court decision that weakens the ability to prosecute refund fraud cases, and enacting legislation facilitating our use of asset forfeiture as a means of recovering Federal funds stolen by school owners via their failure to repay loan refunds.

As with the lessons we have learned concerning the gatekeeping process, we are aware of nothing presently in the direct lending system that will address the problem of unpaid loan refunds. However, we have been working with the Department to develop methods to identify schools that may not be paying loan refunds.

Mr. Chairman, I mentioned at the outset that the primary concern of the Office of Inspector General is to promote economy, efficiency and effectiveness and prevent and detect fraud, waste, and abuse. I have outlined issues we see regarding ED program design and program operations, and some issues relating to accountability.

I thank you, Mr. Chairman, for this opportunity. I will be happy to answer any questions you have and be happy to help you and the subcommittee in any way that we can in dealing with these issues.

[The prepared statement and biography of James P. Thomas follows:]

Statement of
James B. Thomas, Jr.
Inspector General
U.S. Department of Education

Technical Briefing
Before the
Subcommittee on Labor, Health
and Human Services and Education
Committee on Appropriations
United States House of Representatives

Regarding
Office of Inspector General
Perspectives

January 11, 1995

Mr. Chairman and Members of the Subcommittee:

Thank you for the opportunity to meet with you today to discuss some perspectives of the Office of Inspector General on Department of Education (ED) programs and activities and to highlight some major issues on which the Department and the Congress need to continue to focus.

In this period of streamlining and of reducing the size of government, we continue to recognize our responsibility to assist Congress and the Department in assuring accountability for the billions of Federal education dollars with a minimum of intrusive, expensive and ineffective Federal regulations. The perspectives I bring you today come from our years of effort in fulfilling our statutory mandate to provide independent and objective recommendations to the Department and the Congress concerning prevention and detection of fraud, waste and abuse in and improving economy, efficiency and effectiveness of ED programs and operations.

We believe that accountability can best be assured, not through complex legislation with complicated regulatory schemes which are difficult or impossible to administer efficiently and effectively, but through better coordination between programs, through greater use of self-enforcing mechanisms, and through clear, bright-line standards and performance measures which provide flexibility and result in less compliance-based enforcement. We also need to improve ED monitoring systems and ED financial management systems.

We also believe that we can use our investigative resources much more efficiently if we had full law enforcement authority and the authority to share in the proceeds of our asset forfeiture cases. This would provide us with additional resources for our resource-intensive financial fraud investigations.

These issues touch areas of program design, program operations and specific aspects of program accountability. I will first be addressing these as they apply generally across ED programs. I will then deal separately with issues specifically concerning Student Aid, because of the magnitude of the student aid programs and the significant effort the Department has undertaken regarding implementation of the new Direct Lending Program.

As additional background, I am also providing you with copies of my testimony on three recent occasions related to the information I am providing today.

PROGRAM DESIGN

In our 1993 briefing to this Subcommittee, we addressed the issue of program design and identified program fragmentation and duplication and the lack of program performance standards and indicators as problems. In addition, we discussed the need for more equitable funding formulas for some programs. While progress has been made in each of these areas, these issues are still of concern in ED.

Program Fragmentation/Duplication

In 1993, we pointed out that fragmentation in the way ED's programs were created and administered were a hinderance in carrying out its mission and working toward attaining the National Education Goals. As new initiatives arose, new programs were created or amendments added to existing programs. Programs targeting similar initiatives were sometimes administered by different principal offices in the Department, creating overlap and coordination problems.

We also noted that an overall strategy was needed to coordinate the funding for and provision of technical assistance, information dissemination, and related services. An OIG report in 1991 recommended that ED take appropriate steps to ensure that only needed services were provided. A lack of coordination in the creation of program-specific legislation authorizing the creation of clearinghouses and technical assistance centers contributed to the existence of services that may have been duplicative or unnecessary.

In recent reports, the OIG has addressed two significant issues in the Department. We found that there were many programs at the Department that address both early childhood education and parental involvement. In fact, there were 19 different programs at the Department that address early childhood education. In addition, we estimated three other Federal agencies operated another 22 programs dealing with this area.

Since 1993, Goals 2000 and the Improving America's Schools Act (IASA) have strengthened the requirements for collaboration among programs administered by the Department. These requirements extend beyond programs administered by the Department to include programs administered by other Federal, state, and local agencies. For example, Title 1 legislation under the new law requires activities that will increase coordination between the local educational agency and the Head

Start agency, and if feasible, other early childhood development programs. The Department's efforts to increase coordination within programs and with other agencies has increased significantly. The Department has created cross-program groups within Education, as well as other Federal agencies, to foster coordination. Examples include coordination between the Department of Health and Human Services and ED on Head Start, and the Department of Labor and ED on School to Work.

In addition, the Improving America's Schools Act (IASA) requires the consolidation of technical assistance into 15 comprehensive centers that will provide technical assistance for all programs administered by the Department. These cross-cutting centers will further enhance collaborative efforts among programs to further ensure customers requests are responded to in an effective and efficient manner that is not duplicated.

The department has recommended in previous budget submissions that 30 to 40 programs be dropped. The majority of these programs continue to be funded. As a result, ED continues to administer about 200 separate programs with attendant costs of administration. Although the Department has increased its coordination efforts, fragmentation and duplication continue to be a concern.

Performance Standards and Measures

We noted in our 1993 briefing, that to ensure that money spent on Federal education programs brings about desired changes, it would be critical to clearly state the outcomes expected. Thus, the establishment of program performance standards should be the cornerstone of an effective program oversight system. Vocational education was one of the few programs in the Department required to have performance standards.

Agreed-upon standards and measures help program recipients plan programs, while reporting requirements help them assess needed changes in the programs. Performance measurement systems help administrators identify systemic problems.

In August 1993, Congress enacted the Government Performance and Results Act (GPRA) which requires Federal agencies to develop outcome measures for all Federal programs. Strategic plans for program activities are required by fiscal year 1997 and beginning with fiscal year 1999, performance planning for the overall budget is required.

Recently enacted legislation for Departmental programs provide a framework for standards and measures. As an example, the

enactment of the Goals 2000: Educate America Act marked the beginning of a new approach toward school reform. Goals 2000 provided a framework for meeting the National Education Goals and asks states and communities to reform their education systems through the development and implementation of comprehensive improvement plans based on world class standards and high expectations for all students. In addition, the Improving America's Schools Act also requires the Department's grantees to develop standards and program assessments. While states and communities will have more flexibility to develop standards, they will also be held accountable to meet their stated standards.

The Department's strategic plan includes an initiative to develop program performance measures for the Department's largest 15 programs consistent with the programmatic priorities in its strategic plan. The Department has also made progress in a Government Performance and Results Act pilot project in Student Aid to develop standards and measures and is moving ultimately to the required budget-linked performance plan envisioned by the GPRA.

The Department is progressing in a positive direction to implement performance based measures for achieving program results. This is an important initiative and we will continue to monitor their progress.

More Equitable Funding Formulas Needed

We pointed out in 1993 that many of the Department's largest grant programs are funded based on formulas that use numbers of students multiplied by an adjusted per pupil expenditure figure. The numbers of students part of the formula is often developed through some form of child count. The expenditure part of the formula is based on cost information and attendance data kept by State and local educational agencies. Over the years, our audit work evidenced overcounts of students and improper expenditure figures.

We stated that ultimately, the use of independent data sources, such as census data, may be the best approach for many of those programs now using child counts. We believe that if child counts continue to be used, consideration should be given to dropping annual counts and performing counts every three to five years if counts have been stable over time. Eliminating or reducing the frequency of child counts will also reduce administrative costs at the state, local and Federal level.

In September 1994, the OIG addressed this issue in a report entitled, "ED Can Allocate Special Education Funds More

Equitably." This report pointed out that currently, ED bases its allocation of Special Education funds on the count of students receiving Special Education in each state. There are a number of indications that this count is unreliable. We concluded that a more appropriate allocation base would be total population age 3 through 21, weighted by poverty measures, which correlate with special education needs. The use of such objective data to distribute funds would provide each state an equitable share of the Special Education funds and eliminate any incentive for states to manipulate the count or to retain students in the program longer than necessary.

This issue continues to be of concern.

PROGRAM OPERATIONS

In our 1993 briefing to this Subcommittee, we identified a number of areas in which program operations could be improved, including the areas of customer focus, program monitoring, and core financial systems. Progress has been made in each of these areas, but they remain issues of concern.

Customer Focus

We noted in our briefing that in order to accomplish its mission, the Department would need a clear understanding of the identity of its customer, which we saw as the student.

The Department's recent Strategic Plan has since clearly stated that ED views learners of all ages as its most important customer. This step should go a long way in helping the Department focus on how it can best deal with the many participants in its programs with the primary goal of serving the learner as the reason for program activities. However, we believe that identifying learners as the most important customer will only be meaningful if it is effectively translated into the day-to-day decisions of Department managers as they go about their business. We also believe that managers' decisions must reflect our critical responsibilities to the taxpayer, even though the taxpayer is not technically a "customer" of our services.

The Department is in the process of further defining its customers now.

Program Monitoring

We pointed out in our 1993 briefing that little had been done

to monitor formula and discretionary grants to ensure that recipients were complying with grant terms and conditions, properly accounting for the billions of dollars of financial assistance, and focusing on performance of programs against planned objectives.

We noted that the Department lacked a strategy and standard for monitoring and that data retrieval and documentation efforts were not adequate.

Since that time, the Department has created the Achieving Reform by Monitoring Team (ARM) which is identifying strategies and developing a monitoring system that will strongly support and model systemic reform. In addition, integrated reviews teams are being piloted that include team members from various program offices in the Department. One of the main purposes of these reviews is to strengthen collaboration across programs.

While progress has been made, this is a program operating issue that remains of concern. No standards have yet been issued for monitoring either discretionary or formula grants.

Data Systems for Financial Management

In 1993, I discussed with this Subcommittee what I believed were serious problems with program operations related to deficient or nonexistent data systems for financial management, monitoring and policy analyses within ED. Among these problems were deficiencies in the Department's financial management system that prevented ED from balancing its books or generating meaningful financial reports. We also discussed delays in implementation of the National Student Loan Data System, which I will discuss when I deal with the Student Aid programs.

Since that time, the Department has made significant progress, but much remains to be done. Creation of the Direct Loan Program has meant additional demands for financial management and information systems. I will also discuss these later when I discuss the Student Aid programs.

In terms of an overall system, the Department is working to put in place a modern core financial system which will replace the current Grants and Contracts Management System, the Primary Accounting System, the Payment Management System, and the Central Registry System as well as add new capabilities. This system is designed to improve service delivery, provide more timely and complete information to respond to managers, and increase accountability through improved financial management and evaluation. This system should be able to

produce auditable financial statements.

The project is scheduled to begin implementing Phase I in October, 1995, and is expected to be fully functional by September, 1998.

In addition, the Department is continuing to perform reviews for several of its larger financial systems to identify and document existing controls and to implement new controls designed to prevent errors in the future.

We will continue to assess the Department's progress in improving its financial management systems.

PROGRAM ACCOUNTABILITY

In order to meet the challenge of ensuring accountability for Federal education funds in ways that reduce the amount of Federal resources required and reduce the burden of oversight, we must enlist Congress' help in redesigning programs. In approaching this task, I suggest that two principles are fundamental. These are (1) that the regulation of Federal fund use is different from the regulation of privately funded business, and (2) that there is a Federal interest that is distinct from the state interest.

On the first point, we cannot afford to waste Federal education funds and students should not be victimized through the programs designed to aid them. On the second point, the Federal interest is national in scope and mechanisms that recognize this interest are sometimes different from those that effect the state interest. For example, we know of at least one instance where a state settled a major fraud case with a trade school owner by requiring him not to operate in that state. He promptly re-established operations in another state and continued to commit fraud and victimize students.

In redesigning programs, we recommend that Congress include self-enforcing mechanisms, clear standards and performance measures as discussed above. Currently, we are often faced with complex statutes requiring complex regulations that are difficult and resource intensive to enforce and/or narrow technical specifications as criteria by which to perform oversight. The result of this is that everyone ends up dissatisfied - Congress, the Department, students, taxpayers and schools.

An example of a clear-cut self enforcing mechanism is the so-called "85-15 Rule" for proprietary trade schools. This provision was passed by Congress in the 1992 reauthorization

of the Higher Education Act and it required that such institutions be able to attract 15 percent of their revenue from non-Title IV Federal student financial aid sources. This mechanism uses the market place rather than direct Federal regulation as a means to ensure to some degree that the training offered is valuable and that the price charged Federal taxpayers is reasonable. (The Congress has postponed the effective date of this provision as part of Appropriation legislation.)

We must also maximize the use and effectiveness of available federal enforcement resources by Congressional action to grant OIG criminal investigators full law enforcement authority and forfeiture authority. Full law enforcement authority will put our agents on equal footing with other federal law enforcement officers and, more importantly, provide a greater measure of safety for them.

Work performed by OIG investigators closely resembles that of other Federal law enforcement personnel who possess full law enforcement authority. OIG agents are often in danger. Many of our cases take our agents into the inner cities and high-crime neighborhoods where they must deal with dangerous situations and individuals with felony convictions. Currently, we must request from the Department of Justice deputation on an individual case-by-case basis. In instances where approval has been slow in coming, OIG agents have had to locate other willing Federal agents who have full law enforcement authority, which is wasteful of scarce law-enforcement resources. When our agents lack special deputation and are unable to obtain assistance from others with law enforcement authority, they must forgo investigations that are too dangerous to pursue. The lack of full law enforcement authority also delays and impedes time-sensitive investigative activity such as the obtaining and serving of search and seizure warrants and forfeiture instruments.

In addition to maximizing our agents' effectiveness and productivity, statutory forfeiture authority would give the OIG access to an additional source of revenue, that is, an asset forfeiture fund, to defray certain criminal investigative costs through reimbursement. Forfeiture authority which is the authority to seize and dispose of assets that are the proceeds of certain unlawful activity would allow for OIG agents to independently prepare cases for asset forfeiture. Currently, OIG has to enlist the aid of law enforcement agencies that have forfeiture authority. This is not a good use of other Federal law enforcement resources and can cause delays that allow hiding or disposing of assets. OIG needs the authority to share equitably in the proceeds of the assets seized. Forfeited assets now go into the asset forfeiture funds of other agencies (e.g., Department of

Justice, Treasury, Postal Service), and OIG cannot share in the case proceeds of the assets forfeited as a result of its efforts on educational fraud cases. OIG would like to be placed in at least the same position as state law enforcement agencies that can, under Federal law, claim and receive an equitable share of the cash proceeds of forfeited assets to offset the costs of their assistance with asset forfeiture cases. These cases are resource intensive and require highly trained staff; they require extraordinary expenditures, such as for title searches and asset locating data bases. Not only does asset forfeiture remove the financial incentive from financial crime, but it potentially provides an additional source of funds for our resource-intensive financial fraud cases.

STUDENT FINANCIAL AID ISSUES

Mr. Chairman, what I have discussed so far are issues which apply to ED programs and operations generally. We need to consider these in any existing or future program or activity design and operation, and in efforts to assure accountability.

Because the Student Financial Aid programs constitute such a large portion of ED operations and funding, and because of our significant work in this vulnerable area, I would like to focus now on what we view as the key opportunities for improving the design, operation and accountability of the Student Aid programs.

The Student Financial Assistance (SFA) Programs, authorized under Title IV of the Higher Education Act of 1965, as amended, are designed to provide access to postsecondary education and training to financially needy students through Federal assistance. This assistance is in the form of Federally guaranteed loans, grants and work study programs. These programs, however, have been those most vulnerable to fraud, waste and abuse. Beginning in 1993, the Department was presented a new challenge which is to design and implement a new Federal Direct Student Loan program.

The significant problems the Department has experienced in the administration of the SFA programs can be attributed, in part, to the complexity and design of the programs and the multitude of entities the Department has to rely on to assist it in administering the programs. These include approximately 8,000 postsecondary institutions, 80 accrediting agencies, numerous state licensing boards, 46 guaranty agencies, 7,000 private lenders, many private contractors, various secondary markets, and numerous third-party servicers.

Although, we have reported on deficiencies in the administration of, and abuses by participants in SFA programs since 1980, these programs continue as the number one high-risk area for the Department. In recognition of the increasing numbers and types of abuses being identified at "problem schools" participating in the programs, in 1988 we began to concentrate the majority of our efforts in the SFA programs. Many of our resources were focused on identifying problem schools abusing the programs; while others were directed at the Department's "gatekeeping" process by which these schools gained access to these programs.

Many of our previous recommendations for improvement focused on existing problems in the SFA programs and were focused on management improvements and legislative changes. Over the years, the Congress has provided many needed legislative amendments and the Department has implemented many corrective actions; however, problems still exist.

In 1993, I briefed this Subcommittee on our concerns with the SFA programs. As I have stated, I am making available to the Subcommittee copies of recent testimony I presented before other Congressional committees regarding existing and emerging concerns with the SFA programs. Together with my comments today, they provide a complete and accurate picture of the OIG's current perspectives on the SFA programs.

Discussed below are the issues that we consider are most vital to the efficient and effective use of the SFA funds.

PROGRAM DESIGN

Usefulness of Vocational Training

The current system of Title IV funding for vocational training affords little assurance that the training provided to students is helping them obtain gainful employment. Reports issued in 1987 and in 1993 noted that individuals were being trained, with a heavy investment of Federal funding, for nonexistent jobs. Our 1993 report pointed out that student aid programs are structured to make funds available to students without regard to labor market needs or to the performance records of schools. We believe that the statutory purpose of preparing students for gainful employment in a recognized occupation could be better accomplished and limited Federal vocational training funds more effectively utilized with a revision to the current funding system.

Under the current method of funding vocational training, a participating school can enroll as many students as possible and disburse as much student financial aid funding as is

available. Because there are no performance standards for student achievement, there is little incentive for a school to be overly concerned about how many of its students graduate and find jobs. School recruiters can promise glamorous, high-paying careers to prospective students, but graduates may receive much less than was promised.

Many students enroll in vocational training programs, incur significant debts, and then are unable to find work because they have been trained in fields where jobs are unavailable. These students often feel victimized and default on their student loans. They are ineligible for additional aid by virtue of their defaults and are thereby hindered in their pursuit of other education and career options. Students and taxpayers lose under this system. Our report pointed out that it is time to begin exploring the feasibility of different funding approaches that would maximize the return on the SFA funds invested and provide incentives for schools to do better. It is not unreasonable to expect an adequate return on the billions of dollars in SFA funds invested in vocational training.

Specifically, our 1993 report recommended that labor market needs and the performance of schools in graduating and placing their students be considered in SFA funding for vocational training. We also recommended that the Department take the lead in convening an interagency task force to study different funding approaches for vocational training. We understand that both of these suggestions are under consideration by the Department, but that related legislative proposals will not be forthcoming until sometime in 1995.

The Higher Education Act amendments of 1992 require that in order for an accrediting agency to be recognized by the Secretary of Education as a reliable authority as to the quality of education, the agency must develop measures for student achievement including, as appropriate, student course completion, State licensing examination rates, and job placement rates.

We recently visited five accrediting agencies that accredit institutions providing vocational education training programs to assess their progress in developing performance measures for student achievement. These agencies were selected because vocational training programs are eligible for student aid, by statute, for the purpose of providing students the skills necessary to obtain gainful employment.

Overall, our reviews concluded that the accrediting agencies have made little progress in developing and implementing performance based systems focusing on student achievement as a measure to assess the quality of education provided by member

schools. While there were many reasons for the slow progress, including that the regulations were not published in final until 1994, the most compelling barrier was the accrediting agencies were reluctant to use performance data to assess the effectiveness of schools' job training programs because they do not view their role as government regulators.

The Higher Education Act Amendments of 1992 also provided for new State Postsecondary Review Entities. In addition to being responsible for monitoring postsecondary schools in their States, these entities are also responsible for establishing acceptable measures for student achievement for schools operating in their State. The Department is in the process of working with these entities to establish their standards, however, it will be some time before all the State entities are operational.

William D. Ford Federal Direct Student Loan Program

The William D. Ford Federal Direct Student Loan Program (FDSLPL) was authorized by the Omnibus Reconciliation Act of 1993, under the subtitle "Student Loan Reform Act of 1993." It replaced the Federal Direct Student Loan Demonstration Program provided for in the Higher Education Amendments of 1992. The goals of the new program are

- o to make college more affordable through flexible repayment options
- o to save substantial sums of money by using federal borrowing, and
- o to streamline the student loan system.

Under the FDSLPL the Federal Government provides loan capital to student and parent borrowers. This program simplifies the loan processes by eliminating the services of guaranty agencies, lenders, secondary markets and loan servicers.

For the academic year 1994-95, the statute mandated the selection and participation of schools representing 5 percent of the Federal Family Education Loan (FFEL) volume. Disbursement of the first Direct Loans to students and parents in participating schools was made on July 1, 1994. Further, for the 1995-96 academic year, direct loan volume is increased by 700 percent to 40 percent of the total FFEL volume.

No discussion of the Direct Loan Program would be complete without a brief summary of the timetable accepted and met by the Department. The Request for Proposal for the direct loan servicing system, amended to reflect changes necessitated by law, was released on August 20, 1993, 10 days after the Act was passed. Proposals were received on September 7, and the

contract was awarded on December 21, 1993. Under the terms of the contract, the servicing system had to be operational by June 15, 1994, six months later.

If a typical timeframe for the development of a system is two years, then it can be said that the direct loan system was developed in one fourth of that time. Unfortunately, given the timeframe of this system design, full testing of the direct loan system could not be accomplished prior to operation on June 15. Thus, the real stress-testing of the system is only just now taking place, during operation, while 104 schools are participating in providing almost a billion dollars of loans under the system. Any software deficiencies will appear in operation; and stabilization of the operational environment will, of necessity, take place during that time.

We participated as advisors in the direct loan system's development and were aware of the time constraints. We were told that many changes would necessarily be deferred to the second year. It is our expectation that the Department will be alert to potential control weaknesses and will act expeditiously. We are chiefly concerned that, in the coming year, the Department may be faced with the monumental task of addressing system errors and deferred changes while at the same time expanding from 5 percent of the loan volume in 1994-95 to the required 40 percent in 1995-96 (a 700% increase). Because the direct loan system just became operational on June 15 and the first loans made on July 1, specific control weaknesses are just now being identified by the Department.

The Department has encouraged the contractor and the servicer for Direct Loans to use trend and statistical analysis combined with performance indicators to provide early warning signals of potential system and operational problems. We consider these mechanisms very important during the expansion period and thereafter because when early warning signals are a part of the system, the system, in essence, performs a self-evaluation process, allowing management to respond immediately and thereby reducing the probability of waste, fraud, and abuse.

There currently is an inability to reconcile all records due to start-up problems, as both Direct Loan schools and the Department have had to adjust to implementing a new, complicated process in a very short period. Schools have been ask to resubmit records or to delay sending records until changes can be made to either school or Direct Loan Servicer software. This delay will mean some schools may not be able to reconcile within the 60-day time limit. We continue to provide advisory and technical assistance services to Department as control weaknesses are identified and the Department attempts to correct those weaknesses.

Federal Direct PLUS Loan Program

We see potential problems in the design of the new Federal Direct PLUS Program, in the new unsubsidized loan program, and in the origination of direct loans.

Under the 1992 Amendments to the Higher Education Act and effective July 1, 1993, PLUS loan limits were repealed. The PLUS loan amount is determined by the cost of attendance minus any estimated financial assistance awarded to the student. Although this loan amount determination is identical in the FFEL Program, lenders in the FFEL PLUS program, using accepted banking procedures, may require a determination of the borrower's ability to repay a PLUS loan. This debt-to-income ratio, as it is known, is as important as the borrower's credit history, for it is used to predict whether the borrower is able to take on additional debt. The borrower's willingness to pay, as exhibited by his/her credit history, may be thwarted by the assumption of a new debt burden. Based on an examination of a combination of financial factors, therefore, a lender may refuse to make a PLUS loan.

In the Federal Direct PLUS Loan Program, the statute provides that the servicer will examine only the credit history of a borrower and, in doing so, may determine that a co-signer is required. However, as I have just discussed, credit history does not necessarily show that the borrower can assume additional debt. Without the ability to determine debt-to-income, the Department may be making substantial PLUS loans to parents who are willing but unable to repay.

Another complication of the Federal Direct PLUS Loan Program design is that rather than repaying the loan under the standard 10-year repayment plan, parent borrowers may select a graduated or extended repayment plan. If the amount borrowed is over \$60,000, payments may be made for up to 30 years. In today's market, a parent may conceivably borrow \$100,000 in PLUS loans for one child attending a four-year school. If the parent borrower is 50 years old at the time of the final disbursement, he or she would be 80 years old by the time the debt is repaid. It is conceivable, in this case, that the parent borrower may die before the debt is repaid. It is also conceivable that the parent borrower will retire at age 62 or 65 and may default on the debt because his or her retirement income can not cover the payments.

Unsubsidized Loans

Another design issue that poses a potential problem is the unsubsidized loan program that was authorized under the

Student Loan Reform Act of 1993. This program will extend loan availability to a large number of students who, by virtue of family income, do not qualify for subsidized loans. In this respect, the program is similar to the Supplemental Loans for Students (SLS) Program. The SLS Program was subject to large-scale abuse by schools as they increased the cost of education to equal the amount of loan funds available without adding or expanding the content of the education program. The SLS Program was eventually repealed by Congress. For this reason, we believe the new program should be closely monitored in the coming months and years.

Increasing Student Borrowing

I would also like to bring to your attention the changes made in the Higher Education Amendments of 1992 and in the Student Loan Reform Act of 1993 that have made more Federal aid available to postsecondary education borrowers. Early returns indicate that, nationally, students borrowed \$7.8 billion from last October through March of 1994, a 44 percent increase in loan volume over the same period last year. The effect of more available Federal money may be tuition increases. That, in turn, would cause more borrowing on the part of students and parents. With the increase in loan availability and increased educational costs, the new loan programs--particularly the PLUS and the unsubsidized loan programs--appear, at least in the short term, to make college more affordable. However, repayment of these loans may cripple borrowers for years to come. And, as we have seen in the FFEL Program, the borrowers' ability to repay their loans has serious, long-term effects on program integrity.

Funding for English as a Second Language

In August 1994, we issued our report that asked the question, "Why Use Pell Grants For Instruction In English As A Second Language? Taxpayers Pay More and Students Get Less." Our review determined that the Department provides Federal funds for instruction in English as a Second Language (ESL) to adults under the Pell Grant program and various Adult Education programs.

When Pell Grants are used for ESL the education is provided by proprietary institutions that charge between \$4.77 and \$10.00 per hour of instruction, and provide between 240 and 600 hours of instruction. ESL instruction funded by Adult Education programs are typically provided for by local educational agencies and non-profit organizations. The costs per hour of ESL instruction was only between \$2.50 and \$3.00, and between 540 and 675 hours of instruction was provided.

In addition, to lower costs and more instructional hours, Adult Education programs expect students to achieve higher levels of English proficiency and have higher standards for instructor qualifications. We recommended the Department ask Congress to eliminate ESL instruction courses from eligibility under the Pell Grant program, and if needed, request additional funding under the Adult Education programs.

PROGRAM OPERATIONS

Gatekeeping

The suitability of approximately 8,000 public, private, and for-profit institutions participating or seeking to participate in the SFA programs, including the Direct Loan program, are determined by the accreditation, State licensure, eligibility, and certification procedures commonly referred to as the "gatekeeping" process. As we have reported and testified to on many previous occasions, this gatekeeping process has proven insufficient in keeping weak and unscrupulous schools out of the SFA programs. While the Department has made significant strides to improve the process, all corrective actions have not been consistently implemented. In 1992 the Congress enacted many provisions aimed at correcting gatekeeping deficiencies and, although the Department has worked diligently to publish final regulations in 1994, many of these improvements are yet untested.

It should be noted here that, because the Department was very selective in choosing schools for initial Federal Direct Student Loan Program participation, these gatekeeping weaknesses might not surface in that program until two or more years out when the remaining schools enter direct lending.

Current Financial Condition of the FFEL Program

The OIG and the General Accounting Office (GAO) recently completed a joint audit of the Federal Family Education Loan Program's fiscal year 1993 financial statements. In that report we indicated that, "Due to the limited amount of time between fiscal years 1993 and 1992 audits and the severity of the long standing financial management problems, many of the financial management problems identified during the prior year's audit still exist."

The audit report issued to Congress and the Secretary of Education contained the following conclusions:

- o We could not express an opinion on three of the four financial statements because reliable student loan data

was not available to reasonably estimate the program's liabilities for loan guarantees and other related line items.

- o We were able to express an opinion on the statement of cash flows. This opinion indicated that the Department accounted for and fairly reported actual sources and uses of cash. However, due to internal control weaknesses we could not determine if the Department of Education received or disbursed proper amounts to lenders and guaranty agencies.
- o In our opinion, the Department's internal controls were not properly designed and implemented to effectively safeguard assets and assure that there were no material misstatements in the Principal Statements. Specifically, we found that the Department had material weaknesses in internal controls over: 1) estimating costs to be incurred on outstanding guaranteed loans, 2) assuring that billing reports from guaranty agencies and lenders were accurate and reported all default collections and origination fees owed to the Department, and 3) preparing accurate financial statements.

The Department reported liabilities for loan guarantees as of September 30, 1993, of \$13.6 billion. This amount is the Department's estimate of the net present value of cash flows that are likely to be paid by the FFEL Program on loan guarantees outstanding as of September 30, 1993. As previously stated, we could not determine the reasonableness of this estimate since it was based on data that we found to be unreliable. There is no way of knowing, at this time, the potential misstatement of this liability. The Department expected that \$10.4 billion of its liabilities would require future funding from Congress. However, this need for additional funding could be higher or lower depending on actual default claims, payments of interest and special allowance subsidies, and collections.

FFEL Program Losses and Potential Liability to the Government

The Department has indicated that since the inception of the Title IV programs in 1965, that it has paid \$57 billion in FFEL Program defaults, additional interest and special allowance. These include \$4.7 billion for payments in 1993. The current portfolio and thus exposure of guaranteed loans is \$69 billion. The Department has estimated future liabilities at present value on this portfolio of \$13.6 billion on loans outstanding as of September 30, 1993. As just discussed, we are unable to determine the reasonableness of this estimate because of unreliable data.

We believe that what happens in the future relative to guaranty agencies will affect potential liabilities because guaranty agencies have had a significant role in the administration and oversight of the FFEL Programs. This role has included guaranteeing student loans, paying claims and collecting on defaulted loans, as well as monitoring and enforcing school and lender compliance with program requirements. These activities impact losses and potential liabilities of FFEL. In addition, some guaranty agencies have developed financial and/or contractual affiliations with lenders, secondary markets and servicing agents. During the phase-in of the Direct Loan Program, the stability of these agencies under the FFEL Program will be significantly affected.

As the transition to direct lending proceeds, the Department must ensure that the interests of students and taxpayers under the FFEL Program continue to be protected. The gradual reduction in their share of the loan market may conceivably lessen the incentive for these guaranty agencies to continue to perform their FFEL Program responsibilities. Thus, the Department may be required to assume more direct responsibility for the administration and oversight of the FFEL Program. For example, if guaranty agencies and lenders leave the program precipitously, proper servicing and recordkeeping for the loans they have made and guaranteed may be jeopardized, and student access to FFEL loans may suddenly be severely restricted.

Although the statute has provided a Lender of Last Resort Program to address the potential student access problem, the effectiveness of the provision is yet to be tested. Also, the Department's ability to maintain uninterrupted servicing of billions of dollars of FFEL loans will be tested when guaranty agencies, lenders and servicers leave the FFEL Program.

With the eventual demise of the existing system of guaranty agencies, lenders and servicers, the Department must try to minimize the risk of loss to students and to taxpayers. Losses to students and taxpayers could occur if a rapid decline in revenues causes a guaranty agency to fail to properly monitor due diligence of lenders in their collection efforts; if a guaranty agency intentionally or inadvertently takes steps to misuse or abuse Department assets and reserve funds which the agency is holding; and/or if a guaranty agency abruptly ceases operation, leaving lenders or schools without critical sources of loans or servicing. If the Department is not able to address these problems promptly, losses could result, with potentially significant liability to the government. This means that the Department is held responsible for maintaining the integrity of the FFEL Program loans and for protecting the Federal interest in the guaranty

agency reserve funds and assets, while keeping guaranty agency operating costs down.

Efforts Being Made to Reduce FFEL Program Losses

The Department of Education faces many challenges in addressing its long-standing financial management problems, the most important of which is correcting the numerous data integrity problems. The problems I am discussing today are not ones that lend themselves to "quick fixes" but rather require comprehensive efforts to correct root causes.

Department officials have expressed their commitment to developing better financial management information for the FFEL Program and the Federal Direct Student Loan Program. A number of corrective actions are underway, including the development of the National Student Loan Data System (NSLDS) the first national database of loan-by-loan information. The NSLDS will be an on-line database for users to obtain loan information to determine student eligibility. The OIG originally recommended this student loan data system in 1987. This system will help prevent ineligible loans to previous defaulters or duplicate loans from different guaranty agencies or from different direct loan servicers. When NSLDS is successfully implemented, we believe it will be a significant step toward reducing the number of ineligible loans and reducing defaults. The NSLDS has been under development for several years. The original implementation date has been revised from Spring, 1994, to a user access date of February, 1995.

In addition, the Department developed its first strategic management plan and has initiated efforts to design a system to identify key success measures for major programs and support services.

We have identified several factors that represent potential risk regarding guaranty agencies during the transition to direct lending that may impact program losses. We anticipate using these factors to develop a matrix or profile that can be used to track changes and the impact of those changes on guaranty agencies. We hope that continuous coordination with program officials in the Department and site visits to guaranty agencies will help ensure that appropriate adjustments are made, that the Department has the most current and accurate data available, and that mechanisms are established to provide the Department early warning of emerging problems.

With a reduction in the number of guaranty agencies in the FFEL Program, the burden of administering and overseeing FFEL

Program loans and maintaining the integrity of the FFEL loan portfolio will fall upon the Department. The Department must be prepared to respond to changes occurring as a result of the transition to direct lending.

Federal Pell Grant Program

Our concerns with the Federal Pell Grant Program were included in my testimony before the Senate Permanent Subcommittee on Investigations, we have several additional concerns. In summary, our major concern is that the program is basically an honor system. By this we mean the program is designed for the Department to rely on the integrity of the participants to assure that awards are only for eligible students in attendance, Federal funds are administered properly, required refunds are made, and expenditures are accurately reported to the Department.

Because certain aspects of the Federal Direct Student Loan program are similar to the Pell Grant Financial Management System, we have committed resources to assist the Department in identifying potential problems before they occur in the Direct Loan program. The Pell Grant Financial Management System authorizes and tracks Pell Grants of over \$6.2 billion at approximately 6,700 participating institutions.

Since my testimony, we completed our survey of the Pell Grant system and identified several areas with potentially serious control weaknesses. To date we have completed a review of the student application edits and a review of the Pell Grant closeout and reconciliation process.

In September 1994, we issued an audit report that addressed the control structure over the citizen verification process that would prevent ineligible, non-U.S. citizens from participating in the Pell Grant program. For award year 1992-93, we confirmed the citizenship status of all Pell Grant recipients that had claimed U.S. citizenship with the Social Security Administration's (SSA's) computer database and found over 45,000 were not U.S. citizens. These ineligible recipients were awarded over \$70 million in Pell Grants and another \$45 million in Stafford Loans. We recommended that the Department strengthen its existing citizenship verification process by confirming the citizenship status of student aid applicants with the Social Security Administration.

Also in September 1994, we issued a report on the Pell Grant closeout practices and procedures. For award year 1991-92, over half of the approximately 6,700 participating

institutions submitted expenditure reports that contained discrepancies totalling over \$356 million. To compensate for these reporting errors, the Department made some basic assumptions to close accounts which were inconsistent and did nothing to correct poor reporting practices by participating institutions. We made specific recommendations which, if implemented, should strengthen the closeout policies and procedures and safeguard millions of dollars from possible misuse.

PROGRAM ACCOUNTABILITY

Program Monitoring

Monitoring of program participants has been a weakness in the Department. In December 1993 and January 1994, we issued reports on the effectiveness of the Department's regional oversight and monitoring of the institutional, lender and guaranty agency functions in the SFA programs. We made many recommendations to improve significant deficiencies regarding organizational structure, effective management information systems, hiring practices and training, reporting and resolution standards, performance standards, and targeting entities for review.

We have been advised of many improvements the Department has implemented or plans to implement to strengthen monitoring of schools after they begin participation in the SFA programs. While efforts to improve institutional monitoring are encouraging, our experience suggests, however, that unless weak or unscrupulous schools are screened out by the gatekeeping process, significant harm occurs to the student and the taxpayer before the school can be terminated from program participation.

We have also been advised that the Department has been developing a strategy to monitor the financial condition and other aspects of the guaranty agencies, which is crucial with the advent of the Federal Direct Student Loan Program. Several guaranty agencies have decided to cease participation in the Federal Family Education Loan Program, and it is anticipated that others will do the same. The emphasis on the protection of Federal assets and continued student access to Federal loans is imperative.

In addition to the Department's regional oversight function, our office is in the process of developing new, or revising our existing audit guides for guidance to the non-Federal auditors to conduct their independent audits required of the SFA program participants, schools, lenders, guaranty agencies, and third-party servicers. The audit guides are being

drafted with the intent of making the audits more effective by focusing on areas of high-risk.

Failure to Pay Refunds

Another area of concern regarding program accountability relates to failure on the part of institutions participating in the current loan programs to pay loan refunds when students withdraw from school during the periods for which the loans were made. As I testified before a Senate subcommittee in May of this year, students, at this moment, are being victimized by schools' failure to pay refunds; and when loan defaults result, the taxpayer is victimized as well. By failing to pay loan refunds, schools are keeping money they have not earned for services they have not rendered and, when done intentionally, this amounts to theft of public funds. While it is not possible to accurately quantify the magnitude of this problem, it is among the most frequently recognized problems in our reviews of schools, departmental program reviews of schools, and in non-Federal audits of schools required by the Higher Education Act (HEA).

Several amendments to the Higher Education Act enacted in 1992 will help in addressing the refund problem but will not solve it. In my Senate testimony last year I offered several recommendations for changes in statute to help reduce the refund problem. These included requiring schools to report regularly to the Department the status of their refund liabilities, enacting changes to program fraud provisions to counter a recent court decision that weakens the ability to prosecute refund fraud cases, and enacting legislation facilitating our use of asset forfeiture as a means of recovering Federal funds stolen by school owners via their failure to repay loan refunds.

I have also testified concerning a remedy that we believe would significantly affect this situation. It is one that we recommended as part of the 1992 reauthorization of the HEA: the Department should be authorized to obtain personal guarantees for Title IV liabilities from school owners or other appropriate persons as a condition for participating in Title IV programs. Both the House and Senate reauthorization bills contained such a provision. However, the Conference Committee amended the provision to effectively nullify this authority. Section 498(e)(4) of the new law bars the Secretary from imposing personal liability unless the school meets all four of the following conditions: it has been subject to limitation, suspension, or termination action within the last 5 years; it has had recent audit findings that required it to make substantial repayment; it is not financially responsible; and it is not current in submission of required audit reports. It is extremely unlikely that a school would meet all of these conditions, since, long before doing so, it would certainly have been closed and gone into

bankruptcy, and its owners taken off with the money.

As with the lessons we have learned concerning weaknesses in the Title IV gatekeeping process, we are aware of nothing presently in the direct lending system that will address the problem of unpaid loan refunds. However, we have been working with the Department to develop methods to identify schools that may not be paying required direct loan refunds.

CONCLUSION

Mr. Chairman, I mentioned at the outset that the primary concern of the OIG is to promote economy, efficiency and effectiveness and prevent and detect fraud and abuse. I have outlined today issues we see regarding ED program design and program operations, and some specific issues related to accountability.

Thank you, Mr. Chairman. I will be happy to answer any questions you might have and we will be happy to help you and the Subcommittee in the future in any way we can is dealing with these issues.

JAMES B. THOMAS, JR., CIA, CPA
Inspector General
U.S. Department of Education

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 McLean, Virginia 22102
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 Office: (202) 205-5439

PROFESSIONAL ACCOUNTING AND AUDIT EXPERIENCE

Inspector General, U.S. Department of Education, since July 1980 - Attachment
 (Deputy Inspector General from January-March 1981)
 Director, Bureau of Accounts, Interstate Commerce Commission, October, 1977 to
 August 1980 - Attachment
 Inspector General, U.S. Department of Housing and Urban Development, September
 1975 - October 1977 - Attachment
 Assistant Director, Bureau of Accounts, Interstate Commerce Commission, 1972 - 1975
 Trainee through Assistant Director, Audit Operations Division, U.S. Department of
 Housing and Urban Development, 1960 - 1971
 Senior Auditor, Office of the State Auditor, Tallahassee, Florida, 1959 - 1960
 Auditor, J.D.A. Holley & Co., CPA Firm, Tallahassee, Florida, 1959
 Special Auditor, Office of the State Comptroller, Jacksonville, Florida, 1958

SPECIAL PROFESSIONAL QUALIFICATIONS

Certified Public Accountant - Florida - since 1962
 Certified Internal Auditor - since 1973
 President's Council on Integrity and Efficiency
 Chair, PCIE Audit Committee, 1989 - 1991
 Chair, PCIE Audit Standards Subcommittee, 1986 -
 Chair, PCIE Single Audit Committee, 1985 - 1986
 Chair, PCIE Accounting and Auditing Standards Committee, 1985 - 1986
 Co-Chair, PCIE A-102P Evaluation Project, 1984
 General Accounting Office
 Chair, Government Auditing Standards Advisory Council, 1991 -
 Member of GAO Standards Advisory Council, 1985 - 1988
 National Intergovernmental Audit Forum,
 PCIE Representative, 1989 -
 Federal Financial Fraud Institute Consultant Groups,
 PCIE Representative, 1989 -

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PROFESSIONAL ASSOCIATIONS

American Institute of Certified Public Accountants

Member of Strategic Planning Committee, 1986 - 1990

Member of Federal Government Executive Committee, 1984 - 1987

Member of Council-at-Large, 1984 - 1986

Members in Government Committee, Chairman, 1982, 1983, 1984

Member Services Committee, 1983

Institute of Internal Auditors

Member, Board of Trustees of the IIA Research Foundation, 1991 -

International Board of Directors, 1984 - 1988

International Professional Issues Committee, 1987 - 1989

International Industry and Government Relations Committee, 1984 - 1987

President of Washington Chapter, 1983

Association of Government Accountants

Chair, Financial Management Standards Board, 1985 - 1986

Chair, Task Force on AGA Nominations and Elections, 1985 - 1986

Chair, 1991 leadership Conference

Chair, Standards Committee

Accountants Roundtable, 1972 - Present

AWARDS

Presidential Rank of Distinguished Service Award 1992

IIA - Bradford Cadmus Award 1991

IIA - Distinguished Service Award 1988

AGA - Distinguished Service Award 1986

Outstanding Performance Awards 1980 - 1991

Performance Bonus 1980 - 1991

EDUCATION

B.S., Business Administration, Florida State University - 1957;

Graduate Study, Florida State University - 1957-1960; Federal Executive Institute,

Charlottesville, VA - 1973; Graduate Study, Southeastern University - 1979

Mr. PORTER. Let me thank all of you for your excellent presentations.

NUMBER OF ED PROGRAMS

Sally, I want to start by talking about the Department itself. 240 separate programs. How many of those have come in in the last 15 years or so? Most of them?

Ms. CHRISTENSEN. Fifteen years ago we had 150. We had a block grant in the early days of the Reagan administration that reduced that to 120. Yes, 120. Then, over that period of years, from roughly 1981 or 1982, all the way up to the current time, it has risen to 240.

Mr. PORTER. So we have doubled the number of programs in the last 15 years?

Ms. CHRISTENSEN. Yes, that is right.

Mr. PORTER. And each of those require the attention of some of your personnel. Someone has to administer them, and during that time frame, if I wrote down what you said correctly, the Department has been reduced in terms of its personnel, to presently 5,100, did you say?

Ms. CHRISTENSEN. That is right.

Mr. PORTER. From 7,700. What was the 7,700—what year was that?

Ms. CHRISTENSEN. The 7,700 was just before the creation of the Department. It consisted of—

Mr. PORTER. This goes back earlier. About how many employees about 15 years ago?

NUMBER OF ED EMPLOYEES

Ms. CHRISTENSEN. Say, roughly 1980, the beginning of 1980, there were 7,700 employees administering these same programs. They were located in the old Department of Health, Education and Welfare and the Office of Education, as well as other organizations like Department of Labor and the Rehabilitation Services Administration, which was in HEW. They were sort of spread around the Government and when we pulled them in, that was the number of people that were administering our programs.

We started out with 7,500 at that time, so we had a little bit less, and then over the years it has gone down.

Mr. PORTER. My guess would be that the relative cost of administering the smaller programs is much higher than the relative cost of administering the larger programs. Am I correct? So we have a lot of people devoted to a number of small programs and a relatively smaller number of people devoted to the larger ones, correct?

Ms. CHRISTENSEN. Absolutely, Mr. Porter. And an important thing to consider is that just looking at a line item in the budget does not tell the whole story because, first of all, a lot of them consist of more program components than that one line item. And in many cases there are individual program competitions, and each program competition entails a lot of work. So it is quite a bit more.

I can supply for the record, in fact, estimates of the number of competitions within those programs.

[The information follows:]

NUMBER OF PROGRAM COMPETITIONS

The Department of Education administers three basic types of programs:

- o Formula grants, which allocate funds to States, localities, or institutions based on a mathematical formula with variables related to the purpose of the program
- o Discretionary grants, which award funds based on a national competition of application proposals
- o Student financial aid

In addition, the Department is the conduit for the non-competitive allocation of Federal funds to several organizations.

Of the 240 programs in the Department, approximately 160 award funds through national competitions. The administrative costs associated with the 160 programs are not easily calculated, for they involve costs and activities at all levels--Federal, State, local, and postsecondary institutions. For example, they include the development of regulations and grant competition notices, development of applications, conduct of the competitions, awarding of funds, reporting on programs, and the monitoring and auditing of projects.

Since many projects are supported for up to 5 years, continuation costs are included in each year's budget for each program. Moreover, the total appropriation for any year, for a variety of reasons, may not include sufficient funds for new awards. Thus, since competitions are held only when funds are available for new projects, not every program holds a competition every fiscal year.

Another factor is that some programs conduct multiple competitions in different program priority areas, in response to basic law requirements, Congressional directives, or Administration priorities.

In 1993, for instance, the Department conducted about 213 individual program competitions involving over 25,000 new applications, and resulting in over 10,000 new and noncompeting continuation awards.

PROGRAM EVALUATION

Mr. PORTER. Now, if you start philosophically from the position that it is maybe in some cases even counterproductive to have so many programs to administer, and you want to look at those that work as opposed to those that do not work so well, do you have a method of evaluating the effectiveness of some of these programs? If so, how do you do that?

Ms. CHRISTENSEN. Well, a lot of the programs, particularly the smaller discretionary programs, do have some mechanism built in for the projects themselves to evaluate them as they go along. At the same time, as we have authorized and funded some of these programs, dropout prevention is a good example, some of these model programs, over the years, we have gotten approval from Congress for a small portion of those dollars to be used for evaluations at the Federal level.

By conducting very strenuous evaluations of those and in control groups of those programs, we are able, then, to identify the most effective programs and projects so that we can disseminate them to the rest of the country, to other schools, to other institutions, and if they want to pick up on them, then they can.

We feel that is a very, very effective Federal role and that if the Federal Government is going to be in the business of small programs, that that is basically the kind of thing it should be doing.

Mr. PORTER. And each of these programs, presumably, has a constituency and, maybe in some cases at least, someone in the Congress who is their best friend and looks out for the program, and we keep adding them to your plate and you keep having to struggle with fewer people to try to administer them.

I am asking these questions because I want Members to see what has happened to the Department and its role over recent history, actually.

PROGRAM ELIMINATIONS

Ms. CHRISTENSEN. Right. I think it is important to recognize that the Department under various administrations over the past several years has, each year, recommended the elimination of a whole list of these programs. In last year's budget, for instance, we proposed the elimination of 34 programs, totaling about \$550 million.

Mr. PORTER. And, well, I know you cannot tell me what you are going to tell us in the next few weeks, but, presumably, you will follow up on that with some additional guidance in the White House budget that is going to come out as to what you see is perhaps not defensible.

COST OF HIGHER EDUCATION

Can I look for a minute with Mr. Elliott at the cost of higher education? We are committing more and more funds, but are these funds increasing much faster per student than the cost-of-living indexes? In other words, what are we getting by spending more per student? Are we simply transferring funds from the Federal Treasury to the treasury of our academic institutions; or are we, in effect, serving more students better?

I guess I am asking you for a conclusion and I know you do not like to make conclusions, but can you give us some guidance there?

Mr. ELLIOTT. Let me see if I can provide some of the data, and maybe we can provide some additional analysis for the record.

Tuition charges have risen more rapidly than charges per student in both public and private institutions. The average undergraduate tuition room and board, as a percentage of family income, has risen, and that is particularly the case for low-income families. So that would make it appear that the burden is becoming greater. But these are stated tuition rates rather than what students actually pay.

At the same time, the institutions are putting a relatively larger share of their overall funds into scholarships so that some of the stated "sticker" costs are actually lower for individual students.

Jeanne, are there some things we might add to that initial statement?

Ms. GRIFFITH. We do have information available about the net costs of college attendance, which have gone up in recent years, and we can make them available for the record as well as information about the costs of tuition, room, and board relative to family income.

The cost of tuition, room, and board relative to family income has increased much more sharply for families in low-income families than it has for high-income families relative to their income levels.

[The information follows:]

**Average undergraduate tuition, room, and board (in constant 1993 dollars)
as a percentage of the income of all families at selected family income
percentiles, by control of institution: 1964-92**

Year	Public institutions				Private institutions			
	Constant dollars	Family income percentile			Constant dollars	Family income percentile		
		20th	50th	80th		20th	50th	80th
1964	\$4,432	29.0	14.4	9.2	\$8,897	58.3	28.8	18.6
1965	4,514	27.7	14.0	9.0	9,208	56.6	28.5	18.3
1966	4,588	25.6	13.4	8.7	9,498	53.1	27.7	17.9
1967	4,615	25.5	13.2	8.5	9,565	52.8	27.3	17.6
1968	4,647	24.0	12.6	8.1	9,655	49.8	26.2	16.9
1969	4,745	23.4	12.4	7.9	9,980	49.1	26.0	16.7
1970	4,797	24.7	12.7	8.1	10,204	52.5	27.1	17.2
1971	4,849	25.6	13.0	8.2	10,424	55.1	27.9	17.7
1972	5,045	25.4	12.8	8.0	10,513	52.9	26.7	16.7
1973	4,944	23.8	12.0	7.5	10,312	49.5	25.0	15.6
1974	4,587	22.5	11.5	7.2	9,986	48.9	25.1	15.7
1975	4,479	23.4	11.8	7.3	9,849	51.4	25.9	16.1
1976	4,549	23.3	11.6	7.3	9,932	50.9	25.3	15.8
1977	4,508	23.1	11.4	7.0	9,927	50.9	25.1	15.5
1978	4,423	21.8	10.8	6.6	10,013	49.3	24.4	15.0
1979	4,317	20.7	10.3	6.4	9,794	46.9	23.4	14.6
1980	4,167	21.9	10.7	6.5	9,605	50.6	24.7	15.1
1981	4,238	23.6	11.5	6.9	9,813	54.6	26.6	15.9
1982	4,416	25.9	12.4	7.2	10,376	60.7	29.0	17.0
1983	4,585	26.4	12.5	7.4	10,908	62.9	29.8	17.5
1984	4,747	26.8	12.7	7.4	11,425	64.5	30.5	17.8
1985	4,804	26.8	12.7	7.4	11,952	66.6	31.7	18.3
1986	5,023	27.0	12.7	7.4	12,774	68.7	32.4	18.9
1987	5,158	27.5	12.9	7.5	13,387	71.4	33.4	19.5
1988	5,230	27.6	13.0	7.5	13,691	72.3	33.9	19.5
1989	5,257	27.5	12.9	7.4	14,028	73.3	34.3	19.7
1990	5,268	27.6	13.1	7.5	14,297	74.8	35.6	20.5
1991	5,455	29.8	14.1	8.0	14,775	80.6	38.1	21.8
1992	5,563	31.3	14.4	8.3	15,203	85.6	39.4	22.6

NOTE: Tuition data are for academic years beginning 1964-92 and family income data are for calendar years 1964-92. The calendar year Consumer Price Index was used to calculate constant dollar figures.

SOURCE: U.S. Department of Education, National Center for Education Statistics, *Digest of Education Statistics*, 1993, table 306. U.S. Department of Commerce, Bureau of the Census, *Current Population Reports*, Series P-60, based on the March supplement to the Current Population Survey.

HIGHER EDUCATION PRODUCTIVITY

Mr. PORTER. One sometimes gets the impression that as we increase expenditures in support of higher education, they marginally help to expand the base to get more people in those institutions, and I think all of us, if we look at the history of it, would say that the institutions have expanded greatly. There are new institutions all the time. And yet we wonder whether the money really results in a better educated populace in the end or whether we are simply transferring assets and not ending up with good results.

Is there some measure we have of what we are achieving where you can draw a conclusion that we are doing well? I know you addressed this partially in your opening remarks but I want to go farther into it.

Mr. ELLIOTT. One of the measures that we use to compare ourselves with other nations is the number of years of education completed, and in that case the U.S. has a very large proportion of Americans who have graduated from college in comparison with other nations. And, as I also said in the opening statement, that is especially true now with the case of women, where there has been a sharp change in the last 20 years both in enrollments and in graduation.

Mr. Porter, one of the important points I think to make here is the issues that have been under consideration by the National Education Goals Panel, which as you know has one objective that calls not only for more students to complete college in the United States and to have that represent all sectors of the population, but also that students leave college with an ability to demonstrate that they can think and talk and reason.

The goals panel has been very frustrated because there is not a sort of college counterpart to the National Assessment of Educational Progress. We are not able to give you the objective kind of measure that we would like to have of what is it that students know when they leave college that is value added to what they knew when they left high school or value added to what they would have learned anyhow just from further maturity. But we have been working with the Goals Panel and are now trying to develop some way in which we can measure the increased value from college.

One way that may provide some information has already been explored by the Educational Testing Service, and that is simply to look at the results of the National Adult Literacy Survey that we already have that has measures, as you know, for prose understanding, for document understanding—like an IRS form—and for quantitative understanding, and to see how college students perform on that compared with other students, which may finally be a way to look at value added by college.

It is a very tough public question for statisticians to wrestle with.

Mr. PORTER. Well, I am a firm believer that the global economy that we all live in and the competition that results from that will force results from an individual level to an institutional level to a governmental level, and yet the idea is to get the results with a minimum amount of waste and resources and as early as possible.

What we have to do is to ensure that we are spending our money wisely and getting results that work for people, and that is what I think we on this subcommittee have to work toward.

Mr. Stokes, I am happy to yield to you.

Mr. STOKES. Thank you very much, Mr. Chairman.

SIZE OF THE DEPARTMENT

Mr. STOKES. Ms. Christensen, or perhaps Mr. Thomas, one of the two of you can answer this question for me. On a comparative scale, how does the Department of Education rank in size with other agencies of the government?

Ms. CHRISTENSEN. We are really the smallest agency.

Tom, do you have further numbers that show that?

Mr. SKELLY. Of the 14 cabinet agencies, Mr. Stokes, we are the smallest in terms of personnel, and I believe we are about the seventh largest in terms of funding.

Mr. STOKES. I see. Is there a way that you express your economy of scale? How do you relate the number of employees, to the number of programs, or the amount of money that you disperse? How would you measure that?

Mr. SKELLY. We did one fairly simplistic calculation just taking the total amount of budget authority and dividing it by the number of people, and we did that for all 14 cabinet agencies, and it showed that we could obligate \$6.3 million for every one FTE.

The next highest ratio was HHS, at \$4.5 million, and then the Department of Labor, which had \$2.4 million per FTE. And the other agencies are considerably smaller, usually under a million dollars per FTE for all the other 11 cabinet agencies.

By that measure, we are efficient. There are many things that go into workload for a Federal program, however. You might have a Federal agency like the Weather Bureau in the Department of Commerce that does not obligate a lot of money and it would have a lot of FTE involved.

Mr. THOMAS. Mr. Stokes, if I may just add to what Mr. Skelly said?

Mr. STOKES. Certainly.

Mr. THOMAS. Those numbers are impressive and important, but I think there are other considerations as well. For example, in the student aid programs, the Department of Education deals with about 8,000 organizations, institutions, if you will, about 7,000 lending organizations, 48 guarantee agencies, or 47 guarantee agencies, a whole plethora of servicers and CPA firms and secondary markets and the like. And so the Department has to have people to interact and have some oversight of all those organizations with whom it entrusts Federal money. And so the sheer volume of entities that the Department deals with is much different than if you are giving \$100 million to one organization to do a contract of some kind for you.

Ms. CHRISTENSEN. That was one point I was going to add. Another point, obviously you can make an argument that, for instance, if you double a State grant program, it will not cost you that much more to issue a \$200,000 check than a \$100,000 check or whatever it is.

But that is not really the issue. So many of those programs have been amended and extended over the years that there is quite a complexity to them, not to mention the fact that the Chairman raised earlier in his first question on the number of small categorical programs.

Many of those really require much more in the way of manpower to get the dollars out than some of our large State grant programs, especially small categorical programs where you have a lot of competitions going on during the year, competitions that are either directed by Congress or that are in the law or that are an administration's priority. So you have to look a lot closer, but I think Mr. Skelly's overall number probably gives a very cursory indication anyway of where we are.

PROPOSED ELIMINATION OF PROGRAMS

Mr. STOKES. I noticed in your answer to the Chairman's question you made some reference to the Department's recommendation last year to cut 34 programs. Was that the recommendation of the Administration?

Ms. CHRISTENSEN. Yes.

Mr. STOKES. And, what was that based upon?

Ms. CHRISTENSEN. Those were programs that we determined had either carried out their purpose, some many years ago, or they duplicate other Federal or State and local programs, where the same kinds of services are provided, or there is really not a good rationale for the Federal Government to be in the business of those programs. Those are the three overall categories.

It is interesting to note that those same programs pretty much have been on a list, on a similar list over the years. It has transcended administrations. It is a straight objective look at what those programs do and it is basically what we recommend.

Mr. STOKES. Would there have been an FTE or cost savings if the Congress had reacted favorably to your recommendation?

Ms. CHRISTENSEN. Absolutely.

Mr. STOKES. And in what amount?

Mr. SKELLY. Mr. Stokes, we estimated if those 34 programs had been eliminated we would save about 105 FTE in the first year.

Mr. STOKES. And, what amount of money?

Mr. SKELLY. That would be about \$6.5 million in administrative funds, and about \$600-some million in program funds that would have been eliminated.

Ms. CHRISTENSEN. Let me just add that the Congress did eliminate 14 of those programs. At the same time, they added 14 other new programs. Wait a minute, I am sorry, 18. It was 18 new programs, so we had a net increase of four. It still rounds to about 240.

Mr. STOKES. You mentioned, Ms. Christensen, that this particular recommendation has transcended different Administrations. Has there been any relationship in terms of programs either being added or subtracted that you can ascribe to particular Administrations? That is, when Democrats are in, do they tend to add programs or reduce programs—or when Republicans are in, do they tend to add programs or cut programs? Is there any type of relationship that we can see there at all?

Ms. CHRISTENSEN. I don't think so. I would have to go back and count. I think if you looked at it over the years I think it is fairly even. Of course, we had a Democratic Congress during all those years, too. It is hard to say what would have happened, but I think a lot of them are programs that the Republican administration had proposed, so it is hard to say, but I would be glad to do an analysis of that going back whatever years you would like to do. It would be interesting to see.

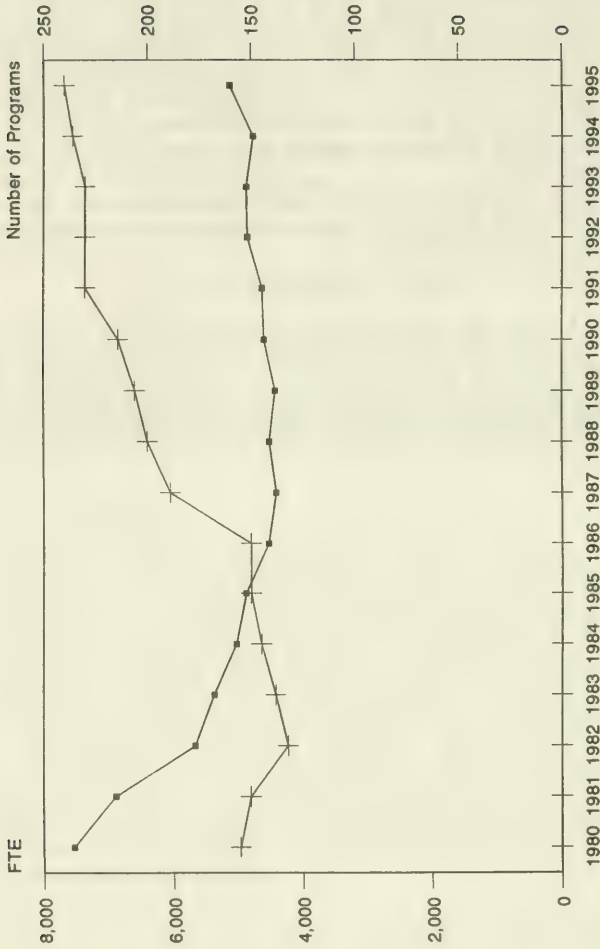
Mr. STOKES. I think it would be interesting just to see, as we look at this overall picture, if there is any corresponding ratio.

[The information follows:]

NUMBER OF PROGRAMS—HISTORY

Following is a chart that displays the number of programs in the Department of Education, from 1980, when the Department was created, to 1995. Against that number, for each year, is plotted the number of full-time equivalent employment. From 1981 through 1992, the President was a Republican. For the years 1993 to the present, the President is a Democrat. There is no clear correlation between the number of programs administered by the Department and the political party of the administration.

Department of Education FTE Usage/Number of Programs



FTE	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
Programs	155	150	132	138	145	150	150	189	200	206	214	230	230	230	236	240

RACIAL DISPARITIES

Mr. STOKES. Let me, Mr. Elliott, ask you a question. You cited numerous disparities that exist on a racial basis in terms of high school students and so forth. On page 27, for instance, you talk about the disparities that still exist between the rates in which white high school graduates immediately go on to college as compared to black and Hispanic students, and so forth.

Do we have any programs within the Department that specifically target these types of disparities, and work exclusively on the eradication of the gaps or disparities?

Mr. ELLIOTT. Mr. Stokes, let me make an initial comment on that and then Sally may want to provide some additional points.

I want to go to something else that we have learned from the use of data today that I think is really very important in looking at differences, and that is that by the time students are in the fourth grade most of these kinds of differences are already evident.

Now, the reason that is very significant is that a lot of the education reforms people have talked about in earlier years have been primarily aimed at things that happen in high school—for example, students should take more trigonometry. The reason that this fact is significant is that the differences have already occurred between age three, four and five and by the time students are in the fourth grade. So if somebody wants to do something effective, it is important to do something there.

And the reason I give you this long preamble is to say that the kinds of activities that are included in the Chapter 1 program and in the Goals 2000 program, in fact, are addressed to making a major reform in the system that goes all the way through elementary and secondary school, but giving elementary school a great deal of emphasis.

Now, Sally, I think in addition to the Chapter 1 program, which I think is relevant to Mr. Stokes' question, there also is a dropout program that was included among the Department's activities, and the student aid is intended to be an incentive for students to remain in school so that they then have an opportunity to go on to college. So I believe that there are many efforts of the Department that are addressed to that issue.

Ms. CHRISTENSEN. You could say that all of the Department's programs are virtually aimed towards keeping children in school. The dropout program, I think, is a little misleading because that was merely a demonstration, a highly evaluated demonstration to identify the best practices and that is all that is.

But our big efforts include things like Chapter 1, vocational education, student aid. Look at anything in the Department that we do: Teacher training, TRIO, obviously, we are very interested in TRIO. There are all kinds of things. Indian programs to keep Indians in school. Bilingual education programs. Everything that we do really addresses that dropout issue.

Mr. STOKES. Thank you very much. I will reserve my time. Thank you, Mr. Chairman.

Mr. PORTER. I allowed Mr. Stokes to go considerably over because I went considerably over. We will operate under the five-

minute rule and that will give us an opportunity to have a second round when we get a little later in the morning.

Mr. ISTOOK, I welcomed you to the subcommittee in your earlier absence.

Mr. ISTOOK. I had another subcommittee, also. Thank you.

Mr. PORTER. We are delighted you have been able to join us and welcome to the subcommittee and please proceed.

Mr. ISTOOK. Okay, thank you, Mr. Chairman.

SAVINGS FROM ELIMINATING PROGRAMS

Let me follow up on what you mentioned, Ms. Christensen, regarding the programs that were proposed for elimination last year. The figure that you gave with the \$550 million, was that a one or five-year figure?

Ms. CHRISTENSEN. One year.

Mr. ISTOOK. That was a one-year figure.

Ms. CHRISTENSEN. That was the amount appropriated in the 1994 budget for those programs. And in our 1995 budget, we proposed to eliminate those. So if they were eliminated, that would have been assuming that they were extended at the same level, that is what the savings would have been.

Mr. ISTOOK. You are talking pure elimination; not transferring somewhere else, but pure elimination?

Ms. CHRISTENSEN. Pure elimination.

Mr. ISTOOK. Did you say Congress eliminated 14 and established 18 or eliminated 18 and established—

Ms. CHRISTENSEN. No, eliminated 14 and established 18 completely unrelated to those.

Mr. ISTOOK. And do you know what the relative dollar figures were on the 14 versus the 18?

Ms. CHRISTENSEN. I might have that with me.

The 14 program eliminations totaled \$82 million. The 18 new programs, \$200 million, rounded.

Mr. ISTOOK. So rather than reducing it by about \$600 million, Congress actually, regarding the number of programs in that instance, added \$118 million?

Ms. CHRISTENSEN. Exactly.

Mr. ISTOOK. Right. I would be interested in your opinion or comment on why and how that happened; when you come up with a recommendation like that and have a result such as you did. Your candid assessment, just between you and me.

Mr. PORTER. Just whisper your answer in his ear.

Ms. CHRISTENSEN. I think an objective answer is merely repeating what the Chairman said, and that is that most of these items have individual congressional backers behind them.

To be fair, there were three items that had been proposed by the administration in the administration's budget—charter schools, ready-to-learn television and educational technology. Especially charter schools and educational technology have been really high priorities because they are areas that a lot of people have interest in, I think, on both sides of the aisle, Republicans and Democrats.

Mr. ISTOOK. Sure. I guess part of the problem has to be that every program you have is specific and isolated and targeted and none of them are really designed to be flexible, where you say ex-

actly how this money might be applied is going to depend upon trends and specific needs. They are all in such straightjackets as far as for how you can use the money and, therefore, it makes it hard to abolish the old and the only way to add new is to have a new targeted, straightjacketed, well-defined, and confined program.

Ms. CHRISTENSEN. That is absolutely right, especially these small programs. They really are straightjackets.

Mr. ISTOOK. And I am sure you can get us a list of that. There is no need to run through the laundry list with you, but as a new Member of the subcommittee certainly that would be very helpful.

Ms. CHRISTENSEN. We will be happy to supply that for the record.

Mr. ISTOOK. Sure.

[The information follows:]

FY 1995 APPROPRIATION ACTION ON
PROPOSED PROGRAM ELIMINATIONS IN THE PRESIDENT'S BUDGET

	(\$ in 000's)
	FY 1994
	Approp.
14 PROGRAM ELIMINATIONS	
Safe Schools /1	\$20,000
Drug-free Schools--Postsecondary Ed activities /2	15,859
General Assistance to the Virgin Islands	1,227
Territorial Teacher Training	1,737
Follow Through	8,478
Gallaudet University--Construction	1,000
Bilingual Vocational Training	2,946
Assistance to Guam	397
Women and Minority Participation in Graduate Education	5,846
National Board for Professional Teaching Standards	4,792
Blue Ribbon Schools	879
Fund for the Improv. and Reform of Schools & Teaching	9,083
College Library Technology	3,873
Research Libraries	5,808
	<u>81,925</u>

	(\$ in 000's)	
	FY 1995	FY 1995
	Pres. Request	Appropriation
18 NEW PROGRAMS		
Charter Schools	\$15,000	\$6,000
Ready to Learn Television	10,000	7,000
Educational Technology	50,000	40,000
Olympic Scholarships	---	1,000
Bethune-Cookman College	---	4,000
Howard University Law School Clinic	---	4,500
Howard University Construction	---	6,000
Parental Assistance	---	10,000
Educational Infrastructure	---	100,000
Elementary School Counseling Development	---	2,000 *
Alaskan Natives Cultural and Arts Demo	---	1,000
International Educational Exchange	---	3,000
Telecommunications Demonstration	---	2,250
National Student and Parent Mock Elections	---	125 *
Partnership in Character Education	---	750 *
Model Scholar Athlete Programs	---	400 *
21st Century Community Learning Centers	---	750
Family and Community Endeavor Schools	---	11,100
	<u>75,000</u>	<u>199,875</u>

/1 Proposed in President's Budget for consolidation with Safe & Drug-free Schools.

/2 Not proposed for elimination in President's Budget.

* Funded under the Fund for the Improvement of Education.

Page 2

FY 1995 APPROPRIATION ACTION ON
PROPOSED PROGRAM ELIMINATIONS IN THE PRESIDENT'S BUDGET

	(\$ in 000's)	
	FY 1995 Pres. Request	FY 1995 Appropriation
22 PROPOSED PROGRAM ELIMINATIONS NOT ACCEPTED BY CONGRESS		
Impact Aid Section 2 payments	---	\$16,293
Impact Aid Section 3b payments	---	132,235
Law-Related Education	---	5,899
Dropout Prevention Demonstrations	---	28,000
Ellender Fellowships	---	4,185
Education for Native Hawaiians	---	12,000
Foreign Language Assistance	---	10,912
Voc Ed Community-Based Organizations	---	9,479
Consumer and Homemaking Education	---	34,409
Perkins Capital Contributions	---	158,000
State Student Incentive Grants	---	63,375
Eisenhower Leadership Program	---	4,000
Cooperative Education	---	6,927
Law School Clinical	---	14,920
National Early Intervention Scholarships	---	3,108
Teacher Corps	---	1,875
Civic Education	---	4,463
National Writing Project	---	3,212
Public Library Construction	---	17,792
Library Literacy Programs	---	8,026
Library Education and Training	---	4,916
Library Research and Demonstrations	---	6,500
		<u>550,526</u>

DATA ON STUDENT LOANS

Mr. ISTOOK. Let me ask of Mr. Thomas, when you were talking about the information management when it comes to student loans, and I think you actually talked about it in other aspects as well, let us suppose that someone wanted to know the status either as of today or December 31, 1994, of student loans. Can you get that information or what is the time lag? How current is the information that is available?

Mr. THOMAS. The information, Mr. Istook, is not current at all. The data on loans, particularly, comes from the guarantee agencies and it comes to the Department in the form of what they call a "tape dump," which means everything in their system they throw into the Department. My recollection is that by the time that data gets to the Department and the Department has an opportunity to work with it sufficiently to make it compatible so they can use it, it is about a year later.

Mr. ISTOOK. In a private enterprise, do you know of any that consider year-old data to be sufficiently fresh?

Mr. THOMAS. No, sir, nor do I know any private enterprise organizations that work like a guaranteed student loan does. For example, the Department of Education does not know that loan has been made to your son or daughter in Oklahoma until that loan may go into default or until we get a tape dump, because that transaction is strictly between your son or daughter and the local bank. And then the local bank deals with the guarantee agency, who underwrites it and then the guarantee agency deals with the Department of Education.

So once a year that guarantee agency gives the Department a dump of its activities, including the new loans that were made and that would include an indication that your daughter is in that pile. Until then, the Department does not even know there is a transaction between the borrower and the lender.

Now, the new direct loan program, of course, is a different situation because that is dealing with the government and its contractors.

Mr. ISTOOK. Does the Department have current information on direct loans?

Mr. THOMAS. The Department has relatively current information on direct loans. They started off trying to reconcile and of course this is a very limited test, although 5 percent of all of the FFEL loans makes the Department one of the largest lenders of student loans in the United States in one year. And so the Department right now is working through some of its origination problems and trying to reconcile between the servicer and the Department's records.

Now, they are kind of okay on reconciling in a total amount, but it is when you get down to the individual loans they are having some start-up difficulties, and we are working with them and they are working with the contractors trying to eliminate that.

USEFULNESS OF DATA IN REPORTS

Mr. ISTOOK. Let me throw out, and I don't know who is the proper person, but relating to the whole issue of how current informa-

tion is. I have no idea how many reports are compiled by the Department in the course of a year's time and how many of those are congressionally mandated or otherwise to be determined necessary. But just the general information that is utilized, how current is that and what is there about reporting requirements with all this information coming from thousands of school districts and thousands of colleges into Washington, D.C.? How current is most of that information and what are you getting you do not really need?

Mr. THOMAS. You want to answer that, Sally?

Mr. SKELLY. Mr. Istook, maybe I can take a stab at it. I think it varies by program. There are a number of programs where we do get information on a monthly basis. For example, on the amount of money that we give to institutions, in cases where we give them grants, they have to report back to us and say how they are using that money on a programmatic basis, once a year. They also have to tell us monthly, and in some cases quarterly for the larger ones, how they are drawing down the money. That is a report of the financial transaction without regard to how they are actually using the money programmatically. That comes in monthly. We get other kinds of data from schools and school districts, some of the statistics we get on an annual basis, in some cases only every two years.

In some cases we rely on samples of data. We are not getting a report from every single school district or every school, but we go out and sample scientifically to get a good idea of what kinds of statistics we need. So it varies all across the board.

Some of the data is up to date; for example, the data on the direct loan schools, on the reconciliation, we give the school 60 days to reconcile the data. Of the 105 schools in the program this year, 85 are currently all reconciled. They have given out loans. They have told us what their loans are. We have checked all the balances by loan and they are all reconciled exactly right. There are others that might be off by \$1. It turned out, that was one of the issues the IG had—that the servicer had not told the schools how to round dollars. So in some cases the schools were rounding up for a dollar and in other cases rounding down. If it wasn't balanced exactly, then we are not counted as being reconciled. But we are pretty darn close and we do not have a major problem there.

STUDENT LOAN DATA SYSTEM

Mr. THOMAS. One other point, if I may, Mr. Istook, in the direct loan program. This is the complex one that I alluded to earlier on. The Department has been in the process of developing a student loan data system for some time and it is supposed to be operational later this year, and that database is supposed to have data in it which would provide the Department the opportunity to have much better, much more timely information than it now does.

It has a sordid history, the development of that program going back to 1987 when it first got started, and I do not need to go into that here but we can provide data on that. But that is supposed to help that information system.

Of course, now over the next few years we will be phasing out of that system into the direct loan system and the value of it will be less and less.

Mr. ISTOOK. Okay. Thank you. My time is up. I will leave it up to the Chairman.

Mr. PORTER. We will get back to you because we will go a second round. Ms. Pelosi.

Ms. PELOSI. Thank you, Mr. Chairman. That is the first time I am addressing you as Mr. Chairman in this formal committee setting. Congratulations and I wish you much success on these important issues that we deal with on this wonderful subcommittee.

I thank you all for your testimony today.

CHILDREN AT RISK OF FAILURE

I wanted to follow up in the vein of my colleague, Mr. Stokes, and I had a couple of questions for Mr. Elliott in that regard.

Mr. ELLIOTT. Okay.

Ms. PELOSI. On page 3 of your written testimony, you mention, in spite of these large increases in the share of children at risk of educational failure—and in that sentence you are referring to what went before, which is 1 in 5 children living in poverty—11 percent to 24 percent of children living in single-family homes, and an increase from 2 to 3 percent in children whom English is not their native language and who have difficulty speaking English. This is the part on which I wanted to question you. You said the percent of minorities in the school-age population has increased from 20 percent in 1970 to 31 percent in 1992; projected to be 35 percent in the year 2000.

Mr. ELLIOTT. Right.

Ms. PELOSI. Your next sentence is, in spite of these large increases in the share of children at risk of educational failure—is that to imply that children in a single-parent household are at a disadvantage educationally? And I ask that without prejudice. I am just asking the question.

RISK FACTORS

Mr. ELLIOTT. The point I am making in that part of the text is on pages 11 and 12 of the full handout. This identifies five factors that researchers commonly associate with risk of school failure and it is not saying—

Ms. PELOSI. Is being a minority one of those?

Mr. ELLIOTT. Being minority puts a student at higher risk. That is the point of the researcher's analysis, that frequently there is a strong relationship and it is important to account for this when you do analysis so that you can see the effects of other things.

So what is described on page 11, these boldfaced headings are, in fact, the at-risk factors that were used.

Ms. PELOSI. Just by virtue of being a minority, in terms of race and ethnicity? Well, I am seeing the figures now on page 12. It is interesting because where I come from we are blessed with a very diverse population, and we consider it a strength, not a weakness, but your statistics—

Mr. ELLIOTT. One of the reasons to have these other factors is so that one can see whether race is a proxy for something else or what is the real condition here that is leading to that, and frequently it is poverty.

RESOURCES FOR BILINGUAL AND DISADVANTAGED

Ms. PELOSI. Well, my follow-up question to that is, then, what are we doing, for example, on the 2 to 3 percent that would reflect the need for more resources for bilingual education? Would one conclude that——

Mr. ELLIOTT. What are we doing from a programmatic point of view?

Ms. PELOSI. Yes.

Mr. ELLIOTT. Or from a measurement point of view?

Ms. PELOSI. From a programmatic point of view.

Mr. ELLIOTT. That would go to Sally Christensen.

Ms. CHRISTENSEN. On bilingual education, is what you are saying?

Ms. PELOSI. Yes.

Ms. CHRISTENSEN. The Department's budget has proposed relatively modest increases but increases for the program of bilingual education over the years. It is important to keep in mind, though, that those same children are served under Chapter 1 and some of our other programs, a very high percentage of Chapter 1 children.

Ms. PELOSI. We had talked in previous hearings about addressing a disproportionate share of the need of those children in certain States, California being one of them, Texas, Florida, et cetera, and I didn't know, have we addressed the disproportionate aspect of this?

Ms. CHRISTENSEN. I think it is something that will not be addressed overnight. Our budget each year, as I say, has included some increases.

Tom, can you add anything to that?

Mr. CORWIN. Those States, California, Texas, New York, and I guess you would add Florida, and a couple others, win a disproportionate share of the bilingual funds. They are competitive funds. Not surprisingly school districts from those States send in the lion's share of applications and end up getting a greater share of the funding.

Ms. PELOSI. I think we can include Illinois in that, don't you think, Mr. Chairman?

Mr. CORWIN. They are probably seventh or eighth on the list.

Ms. PELOSI. They are pretty high up there. I am serious.

Ms. CHRISTENSEN. Following the same logic, I think the same would be true for Title I, and some of those programs where the dollars flow into areas where there are poorer or more disadvantaged children. Those programs would obviously pick up a higher percentage of those same types of students.

Ms. PELOSI. Springing from Mr. Elliott's statistics, once again in your comments you mentioned, in answer to Mr. Stokes about readiness for college, you mentioned that it is already evident in fourth grade; that it is not trig in high school, it is something more fundamental.

Is there a programmatic addressing of that as well?

Ms. CHRISTENSEN. Obviously, Chapter 1, which provides the basic support, the basic remedial kinds of education for all those children.

Ms. PELOSI. I guess we can keep going back to prenatal here.

Ms. CHRISTENSEN. The focus on that now obviously is not just remedial. The new focus is going to be to raise the standards for those children. Not just remedial but that they are going to be given much more of a chance than they have had in the past.

INCLUSION OF STUDENTS IN STATISTICAL SAMPLES

Mr. ELLIOTT. Before we leave this, may I make a comment on the measurement side, because this is a continuing issue for us, the inclusion of many of these same children in the National Assessment of Educational Progress. A large number of them are currently left out because we do not have appropriate adaptation, translations, or special efforts to find out what these children need so that they are able to participate and test as well.

We also have an early childhood longitudinal study that is beginning, and one of our special efforts there will be to make sure all the students are included in that sample and we are able to say something about them. So in future years I hope we will be able to give you more information.

Ms. PELOSI. Well, I think that is very important and hopefully we will be able to meet the needs that the statistics seem to call out for.

I have other questions, but I know my time is up. Thank you, Mr. Chairman. Thank you.

Mr. PORTER. Mr. Miller.

Mr. MILLER. Thank you. Appreciate your coming here today.

For those of us that are new to this committee, and specifically this subcommittee, we have a real learning curve. In fact, I have been on a tremendous learning curve since I came to Congress two years ago. I did have the pleasure of being on ED and Labor last term, so I do have some background on some of these issues.

And for Mr. Elliott, I am a former statistics professor. You have probably never had a statistics professor on the panel before.

Mr. ELLIOTT. I will have to be careful of what I say.

Mr. MILLER. Don't worry, It was a few years ago. Because so many of us are new, we are going to be asking some dumb questions. But being a former college professor, I used to always say you never have dumb questions.

ROLE OF FEDERAL GOVERNMENT

My questions go back to some real core questions that I think need to be asked. We need to determine not only the question of what works and what does not work, but also what is the role of the Federal Government. Some people within our party believe that we don't need a Department of Education. We have to go back to core questions as basic as that.

EDUCATION FOR NATIVE HAWAIIANS

Some questions were raised about how these 33 programs remain funded for example. I remember one specifically under the H.R. 6, the elementary and secondary bill last year. On two different occasions we voted on doing away with one. John Boehner and I both offered amendments to do away with the Native Hawaiian program, which was an \$8 million program. And having Roll Call

votes, it was fun to stand on the Floor of the House and say, support the President and support the Vice President and reinventing government. As a Republican, we could ask for the support. And, of course, we lost and the program continued. That is just one example. Not to single out one, but that was one of the 33 still in existence.

Ms. CHRISTENSEN. Yes.

Mr. MILLER. We asked that to be zeroed out. Correct me if I am wrong, but that would have a very nominal amount of administrative cost. It was essentially a block grant to Hawaii.

Ms. CHRISTENSEN. For the Federal Government, it is nominal.

Mr. MILLER. Right. It is not competitive, but it was an \$8 million program.

Ms. CHRISTENSEN. There are about five major programs under that, so there are five programs to administer. But most of the money goes to the grantee in Hawaii as you so well know.

REASONS FOR ELIMINATING PROGRAMS

Mr. MILLER. But, also, I have an idea that when they went through asking to eliminate these programs, as Mr. Stokes was asking, they took almost anything under \$10,000,000 and said let's get rid of it. Was that part of the logic?

Ms. CHRISTENSEN. No, we didn't look at dollar levels.

Mr. MILLER. I thought maybe that was at the OMB level or something else.

Ms. CHRISTENSEN. No, no, no. When we do that we look at the purpose of the program and how it fits into the Federal role. Should the Federal Government be involved at all in that activity? It could be a billion dollar program or a million dollar program.

Mr. MILLER. Right.

USE OF STATISTICS

In your presentation, Mr. Elliott, a lot of the things you were saying were sort of optimistic. It was encouraging to see those statistics, most of them, because you hear so many negative statistics. Would you say that?

Mr. ELLIOTT. People do tend to pick out the negative ones because they tend to sound more dramatic, and frequently either the positive ones sound mushy or just don't make a dramatic statement.

Mr. MILLER. In teaching statistics, in my first lecture there used to be a book, "How to Lie with Statistics." It is an old book from way back, and it was fun to have in your introduction to stats. I think it was reprinted, as a matter of fact. But it was a fun way to introduce statistics because of the distrust you have to have with statistics. You can present an optimistic or a pessimistic picture by choice.

I used to make the statement that I can prove anything you want with statistics, just tell me the point of view you want me to prove. And there is a certain amount of truth to that, as you know. I am glad you gave the optimistic perspective, because you generally keep hearing the negative perspective.

STUDENT LOAN ACCOUNTING

Let me go to the student loan issue that, Mr. Thomas, you talked about. Correct me on the numbers. Did you say there was a \$69 billion liability out there?

Mr. THOMAS. No, sir, \$69 billion portfolio.

Mr. MILLER. Of student loans. And you mentioned a \$13 billion number.

Mr. THOMAS. That is the reserve for the bad debts, in essence, that the Department estimates ultimately may go into default.

Mr. MILLER. We are on a cash basis of accounting. So you do not bank that \$13 billion?

Mr. THOMAS. There are new accounting rules, and, Tom, you may be more familiar than I as to how they set it up and why. But it is a present cash value of future payouts.

Mr. SKELLY. Under the Credit Reform Act of 1990 we now have to book the present value of the future cost of the loan. So, in 1995, if we show the cost of a loan, we are reflecting the cost for usually 10 years and up to 20, 30 years into the future for that loan all in this year on a cohort by cohort basis.

Mr. MILLER. I guess this is true now for all loan programs throughout the government?

Mr. SKELLY. Yes, sir.

Mr. MILLER. So, in effect, we do not run our books like a business. We are, in effect, treating it as a liability on our books, and we have set aside cash reserves for that purpose.

Mr. SKELLY. That is right, and we go through adjustments each year. We make an estimate of how much the costs are going to be. And if it turns out they are lower or higher, we reflect an adjustment in our budget for the next year.

FOOD AND NUTRITION PROGRAMS

Mr. MILLER. Okay. Good. Food and nutrition programs. I was visiting the Sarasota school system, which is in my district in Florida, during the break; and food and nutrition were some of the biggest dollars flowing into Sarasota County schools. Are these part of this program at all or is that only Agriculture?

Ms. CHRISTENSEN. Department of Agriculture.

Mr. MILLER. How much money are we talking about in education? You have some food and nutrition through the school system.

Mr. SKELLY. That is Agriculture. As a rough stab, maybe six to ten billion dollars.

Mr. MILLER. I got the impression down in Sarasota that that was the biggest program they have.

FEDERAL SHARE OF EDUCATION SPENDING

Mr. SKELLY. Our Department of Education share of the total Federal expenditure for education is only about half of the funds. There is a lot of money coming from other programs—Head Start at HHS, the school lunch program, school breakfast.

Mr. MILLER. Ms Christensen—and just stop me whenever my time is up. You want me to stop now?

Mr. PORTER. Your time is up.

Mr. MILLER. Okay.

Mr. PORTER. But we will be able to get back to you swiftly.

Mr. WICKER.

Mr. WICKER. Thank you, Mr. Chairman. And it is a pleasure for me to serve on this subcommittee.

I have just a couple of big-picture questions for Ms Christensen.

ED EMPLOYMENT

You have now 5,100 employees in the Department. Am I correct that almost all of those would be located here in Washington, D.C.?

Ms. CHRISTENSEN. No. We have about 1,500 in the regions.

Mr. SKELLY. That is right. There are 1,500 in 10 regional offices around the country, and we have a few in isolated posts. We have two employees in Cleveland. We have several in other parts of Florida and California who have specific investigation responsibility where it makes more sense to have them work out of a home or a smaller office rather than going into a central point.

Mr. WICKER. Well, this is probably in some of the data that you have given us, but we spend \$33 billion a year as taxpayers on the programs. How much of that is administrative cost? I see that you feel like you do an excellent job in numbers of employees per money spent, but how much of that \$33 billion is administrative?

Ms. CHRISTENSEN. About \$644 million—or 2 percent.

NEED FOR DEPARTMENT QUESTIONED

Mr. WICKER. Okay, 2 percent. Now, that leads me to the question that Mr. Miller asked, and he is certainly correct that there are a number of people in our party and on the conservative side of the political spectrum who really would like to get back to that basic question of why we have an Education Department, and these are people whose opinions I respect.

Lamar Alexander was at a meeting which I attended the other day, and in response to a question he advocated the elimination of the Department of Education and just block granting most of the money back to the State and having a separate Office of Education, very, very small, in Washington, with Cabinet level status.

I realize I only have the balance of five minutes for you to answer this question, but what is your assessment of how the Federal taxpayer as well as the education community would be affected by such a move?

Ms. CHRISTENSEN. Obviously, this is a policy question. But looking at what has happened over the years, over the past hundred years and particularly the last 15 years, as far as a Federal role in education and trying to provide some objective look at that, there has been articulated over the years a sound, rational reason for a Federal role in education.

One of those that is easy to explain as an example, for instance, is the research and statistics function. The statistics function was the first one that was given to us in 1867, along with research.

It would not make sense for all schools and all school districts in the country to try to research and solve the same problems. The best thing is for the government—or someone at the Federal level—to decide, maybe, to dole out money to see that certain people around the country are solving those problems or maybe even

they are using their own dollars to do that. And then there is a Federal role in taking the results of those findings and getting those around to other schools or to parents or to decision-makers at the State and local levels to use those dollars. Otherwise, it is not going to happen. It really is a Federal responsibility.

There are other particular kinds of things. Some examples that I gave in my statement, for instance, where over the years the States maybe in certain areas have not responded to a national need where we need to be competitive with other countries or whatever it might be.

I do not think the idea is that it would be an obtrusive role or anything like that but it would be designed carefully to encourage States and localities to rise to the occasion to solve some of those problems, whether it is in the area of technical education or math and science education or raising the total education achievement of students or providing particular help to disadvantaged students or providing funds for needy college students so that all students would have the opportunity to attend college.

You can make the argument that the country cannot afford to lose that manpower or that brainpower, if certain students do not go on to higher education. So you can look at all those.

And I am trying to be objective in all of this. I am not making an argument one way or the other, but I think there is a very strong reason for a Federal role in education that has emerged over the years. And those are just examples.

Mr. WICKER. Thank you, Mr. Chairman.

ARE WE MAKING PROGRESS IN EDUCATION?

Mr. PORTER. Sally, I know you hate to answer questions like this, but I sit down with my staff and I ask them, "Tell me what your feeling is about what people are thinking at home. You know, you read the mail and talk to a lot of them."

What I really want from the whole panel—if you can do this quickly, I would like an overall feeling as to whether we are making good progress in education. And then I would like you to say where are we doing well and where are we doing poorly. What are some of our success stories? And what are some disasters in the making? Where do we need to look? Can you do that?

Ms. CHRISTENSEN. Sure. I guess I should start.

Mr. PORTER. Whoever you want.

Ms. CHRISTENSEN. I would say that I think, overall, we are doing well, but I think there is a need for States and localities to do more, and I don't think it is up to the Federal Government. The Federal Government is not going to respond to all of these problems. The Federal Government cannot do it by itself. My personal belief is that it all has to start with the parents and in the home. And if you do not start there you are lost to begin with. That, I think, is absolutely the most important thing.

I think, from what I have heard and seen, I that there are varying degrees of success around the country. Some schools are doing wonderful jobs, some school districts are doing wonderful jobs, and some others are not at all.

I personally think, and this is after seeing years and years—and I have been there many years; I will tell you how many someday—

but years and years of Federal programs coming on the books, and some have been good, and some have not been as good, not as effective, for many, many reasons. I personally think that one of the most important things that has ever happened to American education, if it works right, is Goals 2000. Because it is not just another Federal program. It is dollars. It is dollars to get out there to help the local school people and State school people involve everyone in the community in education—everyone, including parents, people who are not parents, everybody in the community.

And, secondly, the goal is to raise standards for all kids. Now, we do not have an answer at the Federal level on how you are going to do this, how you would do it overall, but this is the money that will give them the opportunity to take that and develop their own plans, bring in people, get new ideas that other people may not have even thought about.

And I truly think that it is not just another Federal program. It is not a Federal program. It is something to help them get going, and I think that is really the most important thing.

Mr. PORTER. Ms. Pelosi.

Ms. PELOSI. Thank you, Mr. Chairman. Once again, I will be brief, but I want to thank you all for your excellent testimony this morning, as usual. You have always been a tremendous resource to the committee.

POSTSECONDARY VOCATIONAL EDUCATION (85/15)

I wanted to ask a specific question about vocational education. Perhaps Mr. Thomas. I am springing from your testimony, Mr. Thomas. Should I conclude from your testimony about the 85-15 formula that you think it is important that Congress proceed with what we said we were going to do this year in regard to 85-15?

Mr. THOMAS. Yes, Ms. Pelosi, I do. The 85-15 rule I think was one of those efforts on the part of the Department and on the part of the Congress to draw a bright line, to have the process built into the law where everybody could understand what is called for.

I have testified before a number of committees, and the issue continually comes up about us picking on for-profit schools, that we are against people making profits, et cetera, et cetera, and we are against providing education for minorities, et cetera. And, in fact, just the opposite is true. The argument has been made that these for-profit schools reflect the marketplace, and the purpose of the 85-15 rule was to make sure that they do, in fact, reflect the marketplace.

What has happened in the past is that many of these proprietary schools, the for-profit trade schools, are 100 percent federally funded and have no relationship at all with the marketplace. So that as the laws are passed to increase the different programs that are available for students to have access to go to school, some of these proprietary schools—and I don't want to paint them all that way because it is not the case—but some of them just continue to raise their rates and continue to use devious means to get in students and victimize the students.

Now, if we implement the 85-15 rule it would make the schools demonstrate that, in fact, it is a marketplace. It would make them demonstrate that 15 percent of all their resources come from people

who are willing to put up their own money for that particular program and not put up only Federal money for that particular program.

So I believe very strongly that we should go back and implement that effectively now.

Ms. PELOSI. I appreciate your answer. I was among those who thought we should implement it last year, but I wanted to make sure we had your opinion on the record as far as the 85-15 rule.

Mr. Chairman, there is so much we could talk about. This is the key to everything, education, as has been mentioned, but in the interest of time I will yield back the balance of my time. Thank you once again.

Mr. PORTER. Thank you Ms. Pelosi.

Mr. Istook.

Mr. ISTOOK. Thank you, Mr. Chairman.

BLOCK GRANT OF EDUCATION FUNDS

If I could follow up a bit on Congressman Wicker's question, which was, basically, why do we have a Department of Education? Why not take the total billions of dollars that are expended and send them back to the States in a block grant on a per capita basis or a weighted per capita basis, if you wanted to take into account minorities or disabilities or whatever it might be?

In Oklahoma, around five years ago, we had a tremendous political battle over a piece of legislation that came through the legislature. It was called House Bill 1017. And it ended up an extremely divisive debate over remaking the common schools, the public schools in the State of Oklahoma. Passed by a narrow margin, including tax increases as well as structural changes.

The controversy was such that initiative petitions were circulated. I forget the total number. Over 100,000 or so Oklahomans signed initiative petitions and it was put on a state-wide ballot. And on a close vote the public decided to keep it. Now, however, we have the Federal Government with Goals 2000 saying start over.

EFFECT AND PERCEPTION OF GOALS 2000

Now, why should Oklahoma have to do that? And why, if we are going to have Federal participation in education, why does it have to be that the Federal Government would say we do not trust the States to do a proper job? We have to say how your programs have to be run instead of taking any expenditure and putting it in block grants.

Ms. CHRISTENSEN. That is not my understanding of how Goals 2000 is working or how it is intended to work.

Mr. ISTOOK. It is perceived that way and is used by some people that way. I realize what you are saying about control and noncontrol, but still the intention is a redesign, whether it is compulsory or assisted or whatever.

Ms. CHRISTENSEN. It is up to the States to decide exactly what they want to do in that plan, and I do not think that there would be any prescription from the Federal Government to say that you have to do this or you have to do that or you have to start over.

Many States are in many, many different stages of what they are doing.

Mr. ISTOOK. Then why do they need the Federal Government to come in and say we are going to be the architects?

Ms. CHRISTENSEN. They do not say that. They are saying that the States are the architects. And whether a State is further ahead than another State it, doesn't matter. They do not start from scratch. It is up to them to develop—

Mr. ISTOOK. If the States are already doing that, why then do you need the Goals 2000 if you, as you say, the States are already being the architects?

Ms. CHRISTENSEN. It is not happening in every State, I think, is the rationale for it. I am not arguing on a policy basis. I am just trying to explain what I understand and see that the situation may be in some States versus others.

FLEXIBILITY OF GOALS 2000 FUNDING

Nothing is prescriptive in Goals 2000. In fact, we are not even developing regulations because we want the States to be completely flexible. There is more flexibility in Goals 2000, I think, than any other program we have ever implemented.

Mr. ISTOOK. But there are \$300 million or so on an annual basis, and there are strings attached with the money.

Ms. CHRISTENSEN. Not really. I think it would be helpful for you to talk to the goals 2000 program director or some of the staff who could give you some more information on exactly what is happening. And I really do not know what the story is in Oklahoma.

Mr. ISTOOK. I understand and I am not trying to turn this into a debate over what is compelled, as to what is encouraged through the funding, but would you not agree that what lies at the bottom of it is the premise that the States cannot handle it and the Federal Government must, therefore, step in?

Ms. CHRISTENSEN. No.

Mr. ISTOOK. Because, as you said yourself, it is because some people perceive the States were not doing their job. It is really an expression of mistrust by the Federal Government directed to States.

Ms. CHRISTENSEN. No, it is the idea of giving them whatever help they think they need. There is no prescription. It is up to the States to decide what it is they think they want to do. And that is what they develop.

One of the beauties of this program is that it can help the States be more efficient and effective in administering resources from all their dollars, from all resources—Federal, State and local. States can be more effective as a result of getting these funds to administer Title I or their own everyday operating expenses or whatever it might be.

I know that is not an answer directly to your question.

DISTRIBUTING FUNDS TO STATES—NO STRINGS

Mr. ISTOOK. Because my time is about gone, let me ask you what would be wrong with the Federal Government saying, fine, we want to help you with resources; so, therefore, under a per capita formula or a weighted per capita formula, rather than having a

Federal agency with 5,000 some odd employees, we are just going to send these capitated block grants back to the States and let them have their discretion and use their personnel and their expertise to design the programs that they believe is best for their State.

Ms. CHRISTENSEN. To a certain extent, that is exactly what is happening now in Goals 2000.

Mr. ISTOOK. I am saying why not do that with all of what is going through the Department of Education?

Ms. CHRISTENSEN. This is what I was going to respond to earlier when you were talking about reporting requirements.

What we are trying to do—and this is one of the trends that I had tried to explain in my opening statement—is that we are in many, many of our programs trying to get away from very strict, audit-type reporting and kinds of requirements and reporting against individual programs.

Instead, what we want to do is give waivers to States where they can combine money from programs, and this has to evolve because we are not sure how it will work. These laws are still on the books by Congress, but we do have authority now to provide waivers for a lot of programs, whatever program requirements would keep that State or that school district from doing the best job possible in raising the standards of those kids. That is the ultimate outcome.

Mr. ISTOOK. If I can just finish. Having to have waivers, that is getting permission, which is a whole different category. I just see a discrepancy between the expressed intention that Goals 2000 is to give States more flexibility with grants coming through when all the other programs are designed to say you do not have the flexibility. You have to meet these standards.

If that is the expressed goal of Goals 2000, then why do we not take all the education funding that comes from the Federal Government and send it all through with the ability for the States to be flexible?

WAIVING REQUIREMENTS

Ms. CHRISTENSEN. I understand your question, but all I am saying is Goals 2000 has great flexibility. At the same time, we are trying, in all of the other programs that are already on the books by Congress, either through regulations or whatever, to eliminate a lot of those requirements that we are talking about.

If the States are going to be reforming education systemically throughout, you cannot look at individual programs anymore. That is absolutely true.

I know I am not directly answering your question. The Secretary will be here next week, and I think on these major policy things it would be good for you to address those with him.

Mr. PORTER. I was about to say I didn't mean to lead us down this line of policy discussion when I asked the question about what works. I was not referring to programs. I was rather referring to what are we doing well in education and what are we not doing well in education, not which programs work. But these questions will be available, these lines will be available when the Secretary appears next week, and we can pursue them.

Mr. Miller.

Mr. MILLER. Thank you. By the way, with respect to Goals 2000, we worked on it in Ed & Labor. Last year, the real area of concern—and I will not talk about it now—is the opportunity to learn standards, which are supposedly voluntary.

In the brief time I have left, I want to touch on two areas: unfunded mandates, and the other issue is the coordination between all the different departments of government and of the education programs.

UNFUNDED MANDATES

Our unfunded mandate legislation is fast moving through Congress, and I realize a lot of it does not really go through the Department of Education. But I remember a comment, I think by the Chancellor of the University System in the State of Florida, saying that ADA is going to cost \$100 million over 10 years. Now, that is a huge amount of money as an unfunded mandate.

Do you all measure that issue as far as the size of unfunded mandates coming out of the Department of Education?

Ms. CHRISTENSEN. I assume you are addressing the IDEA program, for instance? The Individuals With Disabilities Education Act?

Mr. MILLER. I am not familiar with that one. I am talking about any of them.

Ms. CHRISTENSEN. I guess that is the one that has been raised as far as the Department goes. We do not consider that an unfunded mandate. We look at that as those children have civil rights the same as all students, and what we do is merely provide some dollar assistance to help States and localities meet the needs of those children.

Mr. MILLER. So you do not feel you have unfunded mandates? I heard the disability one. It has been authorized at a much higher level than what has been appropriated, right? But in the same vein are there other unfunded mandates on education?

Mr. SKELLY. I am not aware that any of our programs or rules are included in the unfunded mandate bill that is going through Congress now. The protections for individuals with disabilities is usually referred to as a constitutional protection, at least in the summary of the law I read. The bill I read on unfunded mandates, it excludes those constitutional protections from the new rules that Congress would impose.

COORDINATION OF GOVERNMENT PROGRAMS

Mr. MILLER. Let me switch to another question, and that is the issue of coordination within departments. When I brought it up about the nutrition program—well, that is part of Agriculture. I know in the job training programs, which was discussed previously, some are in the Department of Labor, some are in the Department of Veterans Affairs, some are in your Department. I was having a hard time understanding how many different job training programs there are, 150, 170, 130. For example, in job training programs, how many do you have in your department? Do you know offhand?

Ms. CHRISTENSEN. Depends on how you count them.

Mr. SKELLY. The GAO has been looking into this, and, as a matter of fact, there is a hearing in the Senate tomorrow. You can say 20, 25; you can say 35. It depends how you counted the programs.

Mr. MILLER. Is that right? I have seen a list showing 150 or so. When you start getting into Indian Affairs programs or training programs in veterans programs, it grows.

Mr. SKELLY. And the Department of Labor has some.

Mr. MILLER. I recently heard the suggestion, of combining the Department of Education and the Department of Labor. Have you ever heard that idea?

Ms. CHRISTENSEN. There are lots of ideas.

Mr. MILLER. Is there a coordination problem with programs? Like the nutrition programs in Agriculture and a lot of the job training programs over in the Labor Department. How much of a problem is that, do you think? You have dealt, obviously, with it for years.

Ms. CHRISTENSEN. Obviously, there are problems—lots and lots. There has been such a proliferation of programs across the government and, of course, there is a big problem in that.

AGENCIES' MORE RECENT EFFORTS TO COORDINATE

Over the past several years there has been more and more coordination. There has been a tremendous emphasis on all programs, at least within the Department, on reaching out and working with other programs, whether it is HHS versus child nutrition programs or health programs or even in Drug-Free Schools programs. HHS has a lot of drug programs that we coordinate closely with them.

We coordinate with Labor on a lot of our training programs. We work very closely with them. There are all kinds of efforts going on. There are literally hundreds of relationships with other departments and agencies.

That does not address the need to consolidate those programs. I think a lot of that is being looked at now within the administration. I cannot speak to that because, there again, that is a policy matter, but I think that certainly is something you might want to take up with the Secretary next week.

Mr. THOMAS. Mr. Miller, if I could add to that.

In our work we find frequently different departments dealing with the same entities. We had a recent issue where a hospital was billing HHS and billing our rehabilitation for the same equipment, for example, because the databases of the two different departments do not interact with each other.

We have other issues of student loans, for example, that are administered by HHS, and by the Veterans Administration and by the Department of Education—sometimes the same entity, sometimes the same student—and the data systems do not interact with one another. So there is an issue.

For example, we issued a report fairly recently, we were looking at some of the early childhood things and the preparation to get ready for school, some of the Goals 2000 thrusts, and we found a large number of programs within our Department dealing with the early childhood, and then we found three other Federal agencies that also have a large number of programs. So that it is kind of

spread out. And, as Sally indicated, though, in the last couple of years, I would say, I have seen a significant movement toward working with other agencies in trying to coordinate better.

But it seems to me that much of that coordination needs to start here in the Congress. Because as you create a new law, where should it go? Which Department? How does it relate? And I think sometimes that has not been thought through very well, and it is just kind of placed here or there, and it is left up to the recipients to work that out.

STATISTICAL COORDINATION

Mr. ELLIOTT. Mr. Miller, I just want to give as an example, the National Center for Information and Statistics frequently finds it very useful to work collaboratively with other agencies that have joint interests in the statistical area. We have done a lot of international data collection studies with joint support of the National Science Foundation. We are increasingly working with the employment and training side of the Department of Labor on issues of testing and other issues where there is an ability to support things together that we could not do independently.

Mr. MILLER. Thank you.

Mr. PORTER. Sally, let me thank you—Mr. Thomas, Mr. Elliott, Mr. Skelly, Ms Griffith, all of you. You have shed a little light on the situation. There is so much to understand and know, and we really appreciate your coming here this morning and helping us. Thank you so much.

Ms. CHRISTENSEN. Thank you, Mr. Chairman.

WEDNESDAY, MARCH 1, 1995.

SECRETARY OF EDUCATION

WITNESSES

RICHARD W. RILEY, SECRETARY OF EDUCATION

MARSHALL S. SMITH, UNDER SECRETARY

SALLY H. CHRISTENSEN, DEPUTY ASSISTANT SECRETARY FOR BUDGET

Mr. PORTER. The subcommittee will come to order.

This morning we begin our hearings on the fiscal 1996 budget for the Department of Education. We are delighted to welcome Secretary Richard Riley, one of our favorite people in this Administration. Mr. Secretary, we are delighted to see you again.

I will recognize Mr. Hoyer.

Mr. HOYER. I thank the Chairman for yielding.

As I have told the Secretary, I am going to have to leave after his statement. I want to say that I share your opinion, Mr. Chairman, and I believe that the Secretary's leadership has been outstanding. I think the programs we have adopted over the last two years are moving us in the right direction. I am hoping we will be able to sustain those programs, and under the Secretary's leadership I know we will have a chance of doing that.

Our children are at risk. In 1983 a report was released that said our Nation was at risk. We have still not responded to that strongly enough. We need to do more, not less, so that we can strengthen this nation's future.

I thank the Secretary for his leadership, look forward to his statement, and assure him that as soon as I can leave my other meeting, I will be back.

Mr. PORTER. We are also delighted to welcome Sally Christensen and Marshall Smith, two of the people from the Secretary's most able staff. And, Mr. Secretary, we ask you to proceed in any way you wish.

OPENING STATEMENT OF SECRETARY RILEY

Secretary RILEY. Thank you very much, Mr. Chairman and Members of the committee. I am so pleased to be before you today to present an overview of the President's 1996 budget request for the Department of Education.

I would like to submit my statement for the record and make a shorter statement, if I might.

Our proposed budget reflects our strong belief that education is indeed the key investment in the Nation's future—that we are thinking long term. Education is our future, and our investment should be directed to the future, to the long-term benefits of this Nation.

STATEMENT ON PROPOSED 1995 RESCISSIONS

In this period of our Nation's history as we move rapidly into this information era, we cannot afford to back away from this national priority. Mr. Chairman, before I speak directly to the President's 1996 budget request, I would like to first express my deep concern about the recent decision of the subcommittee in the rescission of \$1.7 billion of the 1995 funds for Federal education programs.

As I told the subcommittee earlier this year, I balanced some eight State budgets as Governor of South Carolina, and I appreciate and share your very real concern over the size of the Federal budget deficit. That is a real problem, and we all need to be working on it.

We have worked hard in our Department to be prudent and fiscally responsible, to carry our weight in downsizing the Government. We have been aggressive in streamlining the Department, in consolidating programs, terminating programs, lowering the student default rate, shifting monies from low priority programs to those that we think will make a difference.

SAVINGS FROM TERMINATIONS AND PHASE-OUT FUNDING

We proposed the elimination of 34 programs in last year's 1995 budget and we propose to terminate or phase out funding for 41 programs this year, saving over \$800 million as part of the 1996 budget.

SAVINGS FROM DIRECT LENDING

In addition, we have created a new direct lending program that will save taxpayers \$12 billion if we expand the loan volume to 100 percent by the year 1998 as we propose. I would like to suggest that we represent in our Department change, significant change, change from the way the Department has been managed in the past, and I am open to any good, positive suggestions to find real savings. I want to work with the committee in that regard.

SHORT-SIGHTEDNESS OF RESCISSIONS

I worry, sir, that the committee is beginning to get caught into a short-term kind of resolution of problems. The subcommittee's decision to rescind this \$1.7 billion in education spending for 1995 I think is a case in point. This is money which of course has already been appropriated and is expected since we forward fund so much of our money. And I have spoken with the committee about that before.

SAFE AND DRUG FREE SCHOOLS RESCISSION

To my mind, the decision to eliminate every single dollar that we have targeted for our Safe and Drug-Free Schools program, every dollar of it, is really a decision which is out of touch with what parents are telling us again and again. Get the guns out of the schools. Stop the violence. Keep the drugs away from their children.

Schools are for teaching and learning and they are not for having these violent situations to deal with, like ducking bullets and avoiding trauma. Juvenile crime is certainly soaring and people are worried sick to death about their children's safety.

Last week I visited a school in Seattle, Washington, and a good school it was, full of very smart young people. Garfield High School, a school with 22 national merit families, is an inner city school, not known for trouble. Yet just a few weeks before my visit they had been confronted with gun shots there in the hallway.

The boy who held the gun said this: "I have nothing to lose." I think, Mr. Chairman, that there is not a lot of hope out there for lots of our young people, and anything we can do to help them grow up safely is certainly not wasted money.

Here I want to add a note of caution to urge some long-range thinking. We have millions of young people entering their teen years in the coming decade. High school enrollment is going to increase 25 percent. Most of that increase will actually take place in the next four years.

Florida will see a 36 percent increase. Maryland, 38 percent; and California, 44 percent. That is a lot of teenagers.

Crime experts are already sounding the alarm about these numbers and telling us to get ready. They expect homicides and youth violence to go up. I get worried when I read the headlines and read things like, "teen bloodbath looms." That is why I think the committee is really being shortsighted by eliminating this Safe and Drug-Free Schools Program.

I urge the committee to do some rethinking and to reconsider the cuts that you have made in programs like Title I, Bilingual Ed., TRIO programs, Education for Homeless Children. By cutting these programs, the committee is sending, I think, the wrong message to many students who are trying to buck the odds, avoid the culture of the street, and to play by the rules.

EDUCATION TECHNOLOGY RESCISSION

The committee's decision to eliminate 75 percent of all of our funding for new technology initiatives is a good example, I think, of eating our seed corn. The American people want their children to be prepared for this new information age. And I have been to a number of schools where they are really crying out for technology, and I think this is such an important part of education.

The Speaker of the House himself, for example, is a well-known proponent of technology in the classroom. He had his picture in Newsweek this week with a laptop. And yet this committee proposes to cut 75 percent of all of our technology funding.

We can't have it both ways. Either we have to go to short-term savings which hurt us in the long term or we invest in technology and things of that kind and prepare our young people for the future.

GOALS 2000 RESCISSION

Finally, I want to suggest to you that this is counterproductive to cut away at Goals 2000 funding that has already been committed when 45 States have already signed up to participate in the new initiative to raise standards across the board.

We have spent a decade working to get American education back on track, to stop accepting mediocrity, to make high standards and excellence the core center for American education.

It has taken us a long time to get here. We are starting to turn the corner now. I see good and positive results, particularly in terms of math and science scores. But just as we are about to have a real impact, we could be turning in the wrong direction.

I urge the committee to reconsider that action. Also, Goals 2000 is what I call a responsible block grant, free from regulation, the very type of creative legs that supports local school districts to improve education.

I have recently been in New Jersey, Delaware, Oregon, Washington State, and the State of California in the last couple of weeks visiting with parents and teachers, students, business people, whatever, and people are really tuned into education.

They really know what is happening. They know how important safety is, technology, high standards. And these rescissions go counter to what I am hearing.

In my opinion, it is really not the smart way to think things out by cutting the deficit if you are cutting education today. You are not cutting the deficit in the future. It is the kind of decision that is made quickly and will not pay dividends in my judgment. And it seems to be contrary really to what Americans want to do.

I urge the committee to reconsider this rescission package in this regard.

FY 1996 BUDGET REQUEST

Now, let me turn quickly to the 1996 budget. Our appropriations request demonstrates that the President is requesting a commitment shown by him to make education a national priority. We are requesting \$24 billion in discretionary budget authority for the Department of Education, an increase of \$878 million or 3.8 percent over the revised 1995 level of \$23.2 billion. Mandatory spending would decline from \$8.6 billion in 1995 to \$6.3 billion in 1996, primarily because of lower interest costs in the student loan programs.

As a result, our total proposed budget is \$30.4 billion, a decrease of \$1.4 billion or 4.4 percent, from the revised 1995 level of \$31.8 billion.

1996 PROPOSED CONSOLIDATIONS AND TERMINATIONS

Within this total we have made some hard choices, choices that would terminate or consolidate almost 70, or 30 percent, of the 240 programs the Department currently administers. This not only will streamline the way we do business, it also will free up resources for higher priority efforts.

GOALS 2000—LOCAL REFORM

Our very first priority is to maintain the momentum for local education reform through the Goals 2000: Educate America Act. We are asking for \$750 million in 1996, an increase of \$347 million to help States and communities raise standards, increase accountability, improve discipline, and increase parent involvement, overall, increasing and improving teaching and learning.

ELEMENTARY AND SECONDARY REFORM INITIATIVES

We also are requesting important increases in the major reform initiatives included in last year's Elementary and Secondary Education Act reauthorization. Most of these funds are targeted to three priorities.

First, our budget includes \$7 billion for Title I to help low achieving children, particularly those in the very high poverty schools, to help them meet the challenging academic content and performance standards expected of all children.

Second, the request provides \$735 million to the Eisenhower Professional Development State grants, to upgrade the qualifications of teachers in all core academic subjects, an increase of \$415 million over the 1995 level.

And third, we are asking for \$500 million for the Safe and Drug-Free Schools Program, an increase of \$18 million.

EDUCATION RESEARCH, TECHNOLOGY AND SPECIAL EDUCATION

Our budget also provides increases in three other areas, to support reform and innovation in schools across the country: \$83 million for technology in education, \$20 million for charter schools, \$193 million for research, statistics, and assessment. In addition we are requesting \$3.3 billion for special ed. programs even as we consolidate 14 categorical discretionary programs into five broader authorities as part of a new Individuals with Disabilities Education Act, IDEA.

IMMIGRANT EDUCATION

We also recognize the extra burden experienced by school districts from large numbers of recently arrived immigrant students. We would double funding for the immigrant education program to \$100 million.

SCHOOL-TO-WORK OPPORTUNITIES

Our school-to-work, vocational ed., and adult ed. programs are critical components for the President's GI bill for America's workers. For the School-to-Work Opportunities program, we are requesting an increase of \$75 million over 1995. We have been very pleased with the success of the School-to-Work program.

VOCATIONAL AND ADULT EDUCATION

We are also seeking to restructure the Perkins Act by consolidating 12 vocational ed. programs into two broader, more flexible authorities funded at \$1.2 billion. That would support State and local reformation begun under the School-to-Work Opportunities Act.

VOCATIONAL REHABILITATION

The President's budget also includes a \$64.7 million increase for Vocational Rehabilitation State grants for a total of \$2.1 billion. These grants support State efforts to provide a wide range of services and help 1 million individuals with disabilities obtain gainful employment.

POSTSECONDARY EDUCATION AND TRAINING

The President's 1996 budget would generate \$39.4 billion for postsecondary education and training to \$8.2 million students. Most of this assistance is provided in the form of loans to students, both through the Guaranteed Student Loan Program and the new Direct Student Loan Program. Our experience with the Direct Loan Program thus far has been even better than we expected.

Under our proposal, Direct Loans would expand to 80 percent of loan volume by 1996-1997 academic years, and 100 percent of loan volume by 1997-1998. This would allow all borrowers to enjoy faster loan processing and flexible long-term repayment options while taxpayers would save an additional \$5.2 billion through the year 2000.

Combined with \$6.8 billion that the Student Loan Reform Act is already saving, our proposal would save a total, as I mentioned earlier, of \$12 billion by the year 2000. Our budget proposal would increase the maximum award for Pell and Skill Grants to \$2,620, an increase of \$280, or 12 percent, over the current Pell Grant maximum of \$2,340. Total grant assistance to Pell and Skill Grant recipients would increase by nearly \$2.5 billion to \$8.5 billion and the number of recipients would increase by over 1 million to almost 4.9 million people.

For Pell Grant recipients alone, aid would rise to \$4.8 billion, an increase of \$688 million over the comparable 1995 level, and the number of Pell Grant recipients would grow to 2.8 million and receive an increase of 147,000 over 1995.

We will continue to emphasize the future by making what we think are hard decisions, needed to help us do a better job. That is why we are proposing to terminate or phase-out funding for 41 programs, saving over \$800 million. We would eliminate another 27 programs by consolidating 39 categorical programs into 12 broader, more flexible authorities.

In addition, we continue to shift the emphasis in our program monitoring from compliance to performance, from a focus on narrow reporting and audit type requirements to giving States and localities the flexibility that they need to raise student performance.

In conclusion, Mr. Chairman, I believe that our 1996 budget strikes exactly the right balance to best serve the American people. We are proposing new ways to save taxpayers' dollars and be more effective. At the same time, we are building and investing for the future. We are trying to think ahead. This is a budget that makes a future preference.

STATE OF EDUCATION ADDRESS—STUDENT REACTION

It also is a hopeful budget so I want to end with a brief story. A few weeks ago I gave my State of Education address in a middle school over in Arlington, Virginia named Thomas Jefferson. Two days after, in the news clippings in the mail, I received an article from the local paper there in Arlington, with what the students said about my speech. Some of them, I had a chance to talk to before my speech and after.

One of the students told the reporter that when he talked to Secretary Riley, it was like talking to a normal person. And I thought

that was encouraging. Another student praised me because he said that I didn't use big words like he expected the Secretary of Education to use. And that was—I think he meant that as a compliment. I don't know.

But the quote I would really like to share with you is from an eighth grade student, a young woman who said this, "they are trying to plan for our future here," because we were talking about her future. "There is hope out there for me to go to college," she says, and "that is important for me to know because every now and then I lose hope."

The purpose of this budget and my plea to this committee is to give this young eighth grader and all of our young people a real sense of hope, that we are indeed planning for their future, and I don't think this is a time to make short-term savings when we know that education is a long-term investment for this Nation's future.

Thank you, Mr. Chairman, and I would be happy to respond to questions.

[The prepared statement and biography of Secretary Riley follows:]

DEPARTMENT OF EDUCATION

**Statement by
Richard W. Riley
U.S. Secretary of Education
on the**

Fiscal Year 1996 Budget Request for the Department of Education

March 1, 1995

Mr. Chairman and Members of the Committee, I would like to submit my statement for the record and make a short summary of it for the Committee. I am pleased to appear before you today to present an overview of the President's 1996 budget request for the Department of Education.

Our proposed budget reflects our strong belief that education is the key investment in the Nation's future—that we must think long term and recognize that our economic prosperity, our national security, and our civic life have never been more linked to education than they are today. Education is our future and our investments should be directed to the future, long term benefits of this nation.

Education, as I have said many times before, is a state and local responsibility but it is a national priority. The American people are keenly aware that giving every child a good, sound education is the essential building block for their full participation in the economic and civic life of this nation. As a Nation, we cannot afford to back away from this national priority.

While the Department's dollars are relatively small—just over 6 percent of the Nation's total investment in education—the Federal Government is unique in its ability to focus the Nation on the quality of our education system as we move into the Information Age; to encourage excellence in teaching and learning; to ensure that all Americans have "access" to higher education; and to uphold the Constitutional principle of "equity" for all of America's school children.

STATEMENT ON PROPOSED RESCISSIONS

Mr. Chairman, before I speak directly to the President's 1996 budget request, I want to first express my deep concern about the recent decision by this Subcommittee to rescind \$1.7 billion in 1995 funds for Federal education programs.

As I told the Subcommittee earlier this year, I balanced 8 State budgets as a governor, and I appreciate and share your very real concern over the

size of the Federal budget deficit. We have worked hard to do our part as well. We have been aggressive in streamlining this department, consolidating programs, terminating programs, lowering the student default rate, and shifting monies from low priority programs to those that will make a difference.

We proposed the elimination of 34 programs in last year's budget, and for 1996 we are proposing to terminate or phase out funding for 41 programs, saving over \$800 million. In addition, we have created a new direct lending program that will save taxpayers \$12 billion dollars as we expand the loan volume to 100 percent by the year 1998.

I would like to suggest, then, to the Committee that we represent change—significant change—from the way this Department has been managed in the past. We have been doing business differently and we are working hard to develop a track record in saving and economizing.

I will do all I can to work with the Committee to make the Department of Education more effective. We can always do a better job and I am open to any good, positive suggestions by Committee members to find real savings. We need to be bi-partisan and high-minded, to think long-term, something that the American people expect of us when it comes to educating their children.

So I am concerned that the Committee is beginning to get caught up in some short-term thinking. The Subcommittee's decision to rescind \$1.7 billion in education spending for 1995—money that has already been appropriated and expected since we forward fund so much of our money—is a case in point.

To my mind, the decision to eliminate every single dollar we have targeted for our Safe and Drug Free Schools program is out-of-touch and out-of-kilter with the message that parents tell us again and again—get the guns out of school, end the violence, and keep drugs away from their children. The American people are more concerned about violence and crime than anything else.

Juvenile crime is soaring, people are worried sick about their children's safety, and we have a great demand for real help. Last week, I visited a school in Seattle, Washington. A good school full of smart, young people—Garfield High School—an inner-city school with 22 national merit scholars.

Yet, even this school—a school not known for trouble or a bad neighborhood—was confronted with gunshots in the hallway a few weeks before my visit. The boy who held the gun said in effect: "I have nothing to

lose." Mr. Chairman, there is not a lot of hope out there for many of our young people.

In response to the shooting, the Garfield principal, Mr. Ammon McWashington, called on all the community resources he could find to help pull the school together and prevent this tragic incident from destroying Garfield's record of excellence. These resources included the DARE program—Drug Abuse Resistance Education—which is one of the many activities supported by our Safe and Drug-Free Schools funding.

Mr. McWashington was very concerned when he learned about the proposed cuts in this program. He told us: "We need all the help we can get to change the environment so that kids can change their behavior. We just can't do it if you're going to cut off funds."

Here, I want to note that we will have millions of young people entering their teen years in the coming decade. Crime experts are already sounding the alarm about the sheer numbers—they expect homicides and youth violence to go up. I get worried when I see a headline that reads, "Teen Bloodbath Looms."

The best way to offer these young people hope for the future is to assure them that they can get a good and safe education with our help. This is why I urge the Subcommittee to reconsider its rescissions in programs like Title I, Bilingual Education, Education for Homeless Children, and the TRIO programs. By cutting these programs, the Committee is sending exactly the wrong message to the many students who are trying to buck the odds, avoid the culture of the street, and play by the rules.

I must also tell you that I believe the Committee's decision to eliminate 75 percent of all of our funding for new technology initiatives is a good example of eating your seed corn.

Last week, I participated in a state-wide "town meeting" on academic standards in New Jersey. The people of New Jersey had a number of things on their mind. They were worried about violence—it was the very first issued raised—and they do not want a "computer gap" to emerge between the have and have-nots when it comes to technology and education.

The Speaker of the House, Mr. Gingrich, is a well-known proponent of bringing technology into the classroom as a way to "radically rethink our education system." He even has his picture in last week's Newsweek with his laptop. Yet, this Committee proposes to cut 75 percent of all of our technology funding. Frankly, you can not have it both ways. Either you go for the short-term savings or you think long-term and invest in technology.

Finally, I want to suggest that it is counter-productive to cut away at Goals 2000 funding that is already being committed when 44 States have just signed up to participate in this new initiative to raise academic standards. We have spent a decade working to get American education back on track—to stop accepting mediocrity—to make high standards and excellence the core of American education.

It has taken us a long time to get here and we are starting to turn the corner—to see good and positive results, particularly in terms of math and science scores. But just as we are about to have a real impact, the Committee seems to be turning back in another direction.

I urge the Committee to reconsider. Goals 2000 is a "responsible block grant"—free of regulation—the very type of creative legislation that supports local schools districts to achieve reform in their own way.

In Florida, Collier County will use Goals 2000 funds to overhaul its science instruction to make it more hands-on and Taylor County is creating alternative classrooms for disruptive students.

In Massachusetts, 15 charter schools are being opened, many of them designed to help students who are not making the grade in traditional schools.

In Louisiana, six public school systems and seven public and private universities are forming a partnership to improve teacher training.

So I urge the Committee to "anchor in" to the idea of excellence and high academic standards and not to throw away a decade of common bipartisan effort to improve education.

The decision by the House to make a radical change in the school lunch program, the proposal to eliminate the summer jobs program, and now these cuts in school safety, technology, and good programs that provide some hope—add up to a new direction—that has yet to be tested with the American public. They do not want us short-changing the education of their children. It's really not smart to think you're cutting the deficit in the future if you're cutting education today. I urge the Committee to reconsider this new direction.

THE 1996 BUDGET REQUEST

Let me now turn to our budget for 1996, which demonstrates that President Clinton is committed to making education a national priority. It reflects an appropriate Federal investment in our Nation's human resources;

and at the same time it continues our efforts to keep the deficit under control and to streamline our operations so that we can do more with less.

We are requesting \$24.0 billion in discretionary budget authority for the Department of Education, an increase of \$878 million, or 3.8 percent, over the revised 1995 level of \$23.2 billion. Mandatory spending would decline from \$8.6 billion in 1995 to \$6.3 billion in 1996, primarily because of lower interest costs in the student loan programs. As a result, our total proposed budget is \$30.4 billion, a decrease of \$1.4 billion or 4.4 percent from the revised 1995 level of \$31.8 billion.

Within this total, we have made hard choices—choices that would terminate or consolidate almost 70, or 30 percent, of the 240 programs the Department currently administers. This not only will streamline the way we do business; it also will free up resources for higher priority efforts.

Over the past two years, we have worked with the Congress in a bipartisan fashion to develop an effective strategy—one that will raise academic standards for all of our young people and increase opportunities for postsecondary education and lifelong learning. With the enactment of the Goals 2000: Educate America Act, the Improving America's Schools Act, the School-to-Work Opportunities Act, and the Student Loan Reform Act, this strategy is now in place.

One of the most important aspects of this education reform legislation is how it is changing the way we do business here at the U.S. Department of Education. Instead of the old categorical, top-down approach that in the past has often made Federal education programs an obstacle to real reform, the new legislation helps States and communities carry out their own education reform plans based on their own unique needs and their own high standards.

HELPING ALL STUDENTS LEARN TO HIGH STANDARDS

So far the response shows that States and communities are eager for this kind of change. As I mentioned earlier, 44 States and hundreds of local communities are developing their own education reform plans under Goals 2000 and are counting on their 1995 and 1996 allocations to implement their reform efforts.

To help maintain this momentum for local education reform and renewal, we are asking for \$750 million in 1996, an increase of \$347 million, to help States and communities raise standards, increase accountability, improve discipline, and increase parent involvement. Goals 2000 is not just another Federal program; it is a "responsible block grant" that gives States and communities the critical leverage they need to make all education programs and resources—Federal, State, and local—more effective.

We also are requesting important increases for the major improvement initiatives included in last year's reauthorization of the Elementary and Secondary Education Act. Most of these funds are targeted to three priorities: First, our budget includes \$7 billion for Title I to help low-achieving children, particularly those in high-poverty schools, meet the same challenging academic content and performance standards expected of all children.

In order to direct a larger share of Title I resources toward communities and schools with the highest concentrations of children from low-income families, we are proposing to distribute \$1 billion of these funds through the new "Targeted Grants" formula. Combined with the amount allocated through the Concentration Grant formula, this proposal would deliver \$1.6 billion to the poorest communities and schools, where the need is the greatest.

Second, the request provides \$735 million for the Eisenhower Professional Development State Grants program to upgrade the skills of teachers in all the core academic subjects, an increase of \$415 million over the 1995 level.

And third, we are asking for \$500 million for the Safe and Drug-Free Schools program, an increase of \$18 million, to help States and school districts develop comprehensive, locally based solutions to the problems of student drug use and violence in schools.

Our budget also provides increases in three other areas that support reform and innovation in schools across the country.

- \$83 million for Technology in Education would expand efforts to bring industry and education together in a collaborative effort to create technology-rich, high-performance learning environments for both children and adults;
- \$20 million for Charter Schools would greatly increase support for parents, teachers, and community leaders seeking to create new schools and expand public school choice; and
- \$193 million for Research, Statistics, and Assessment would help make available new research on teaching and learning, as well as improved information on student achievement in the core academic subjects.

In addition, our budget helps States and schools provide a free, appropriate public education for children with disabilities by including \$3.3 billion for Special Education programs. This request would support a reauthorization proposal for the Individuals with Disabilities Education Act that would focus on improving outcomes for students with disabilities, and that would consolidate 14 categorical discretionary programs into 5 authorities.

The President's request recognizes the extra burdens experienced by school districts enrolling large numbers of recently arrived immigrant students; we would double funding for the Immigrant Education program to \$100 million.

PREPARING STUDENTS FOR WORK AND FURTHER EDUCATION

Our School-to-Work, Vocational Education, and Adult Education programs are critical components of the President's GI Bill for America's Workers. This initiative would consolidate 70 Federal job-search and training programs, give States and communities the flexibility to design their own job training programs, and empower workers to choose the combination of education, training, and job-search services they need to obtain good jobs.

For the School-to-Work Opportunities program, we are requesting \$200 million, an increase of \$75 million over 1995. Combined with an identical \$200 million request at the Department of Labor, these funds will help 43 States to implement their school-to-work systems, which are now in the design phase.

We have been very pleased with the success of the School-to-Work program, and believe that both the program itself—and the way it has been administered jointly by the Departments of Education and Labor—provide a model for effective reform of other Federal workforce training programs.

We are proposing a restructuring of the Perkins Act that would consolidate 12 Vocational Education programs into two more flexible authorities—funded at \$1.2 billion—that would support State and local reforms begun under the School-to-Work Opportunities Act.

The budget also provides nearly \$500 million for a consolidation of adult education and family literacy programs into two authorities: a single grant to States and a small authority for national activities.

As with our other reform proposals, these restructured programs would give States the flexibility to design their own programs based on their own unique needs, and to use grant funds for a wide range of activities to meet those needs.

The President's budget also includes a \$64.7 million increase for Vocational Rehabilitation State Grants, for a total of \$2.1 billion. These grants support State efforts to provide a wide range of services that help one million individuals with disabilities obtain gainful employment.

IMPROVING ACCESS TO POSTSECONDARY EDUCATION

The President's 1996 budget would generate \$39.4 billion for postsecondary education and training to 8.2 million students. Most of this assistance is provided in the form of loans to students, both through the Guaranteed Student Loan program and the new Direct Student Loan program.

Our experience with the Direct Loan program thus far has been even better than expected. Students and schools have been pleased with the better service and reduced complexity of the Direct Loan program, and the estimated savings produced by direct lending are even higher than our earlier projections. For these reasons, we are now proposing to extend the benefits of Direct Loans to all students and schools on a more rapid timetable.

Under our proposal, Direct Loans would expand to 80 percent of loan volume by the 1996-97 academic year and to 100 percent of loan volume by 1997-1998. This would allow all borrowers to enjoy faster loan processing and flexible, long-term repayment options, while taxpayers would save an additional \$5.2 billion through the year 2000. Combined with the \$6.8 billion that the Student Loan Reform Act is already saving, our proposal would save a total of \$12 billion by the year 2000.

The Pell Grant program would be restructured as part of the GI Bill for America's Workers. Students enrolled in degree-granting programs would continue to receive Pell Grants, while students enrolled in non-degree programs who are now eligible for Pell Grants would receive new Skill Grants, which would be administered by the Department of Labor in partnership with States and communities.

The maximum award for both Pell and Skill Grants would be \$2,620, an increase of \$280 or 12 percent over the current Pell Grant maximum of \$2,340. Total grant assistance to Pell and Skill Grant recipients would increase by nearly \$2.5 billion, to \$8.5 billion, and the number of recipients would increase by over 1 million, to almost 4.9 million.

For Pell Grant recipients alone, aid would rise to \$4.8 billion, an increase of \$688 million over the comparable 1995 level, and the number of Pell Grant recipients would grow to 2.8 million, an increase of 147,000 over 1995.

TRANSFORMING THE DEPARTMENT INTO A HIGH-PERFORMANCE, CUSTOMER-FOCUSED ORGANIZATION

Before I close, let me return to a theme I mentioned earlier: how we are changing the way we do business here at the Department of Education.

This isn't just a slogan; we are serious about making the hard decisions needed to help us do our job better. This is why we are proposing to terminate or phase out funding for 41 programs, saving over \$800 million.

We would eliminate another 27 programs by consolidating 39 categorical programs into 12 broader, more flexible authorities. These eliminations and consolidations will result in a substantial reduction in administrative burdens not only on the Department, but on States, localities, and colleges and schools.

This is one reason we are able to reduce overall staffing in the Department by a net of 71 employees, even as we add 150 new staff to manage the Direct Loan program. This means that in areas other than Direct Loans, staff will be reduced by 221 in 1996. We plan to reduce non-direct loan staff by another 386 employees by 1999.

We have tried to be responsible in eliminating programs that no longer work as they should, that do not meet our priorities. And, we continue to shift the emphasis in our program monitoring from compliance to performance -- from a focus on narrow reporting and audit-type requirements to giving States and localities the flexibility they need to raise student performance.

We also are streamlining the Department's grant-making function so that we can inform applicants earlier of funding decisions, distribute funds electronically, and eliminate unnecessary paperwork in making continuation awards.

CONCLUSION

In conclusion, I believe our 1996 budget strikes exactly the right balance demanded by the American people. We are proposing to streamline and consolidate our programs and staff while at the same time helping States, school districts, and postsecondary institutions meet essential needs and improve the quality of education for all students. Investing in education is critical for our Nation's future, and this budget makes the strategic investments needed to secure that future for all of our citizens.

It is a budget that makes a future preference, that invests for the long-term. This is where we believe the American people want to go. It is also a hopeful budget so I want to end with a story. A few weeks ago, I gave my second annual "State of Education" address. I told the American people that we were turning the corner, that we were starting to see the results of a decade of bipartisan effort to improve education.

I gave this speech at a middle school in Arlington, Virginia, named after Thomas Jefferson. A few days after my speech I got a news clipping in the

mail what the students at the school thought about my speech. One student told the reporter that, "when he talked to Secretary Riley, it was like talking to a normal person." Another student praised me because I didn't use "big words."

But the quote that caught my eye was the very last from an 8th grader who said this: "They're planning for our future here. There's hope out there for me to go to college. That's important for me to know, because every now and then, I lose hope."

The purpose of this budget—and my plea to this Committee to reconsider the proposed rescission—is to give that young 8th grader a real sense of hope that we are planning for her future and the future of millions of other young people.

This is how the American people are thinking. This is no time to make short-term savings that hurt our nation's future prosperity and, to my mind, so much of that prosperity depends on how we educate our young people. I urge the Committee to think long-term, to see this budget process as an opportunity to create a bipartisan document that reflects the concern of so many Americans that we invest wisely in their children's future.

Thank you. I will be happy to answer any questions you may have.

DEPARTMENT OF EDUCATION

Biographical Sketch

- NAME : Richard W. Riley
- POSITION : U.S. Secretary of Education
- BIRTHPLACE AND DATE : Greenville County, SC; January 2, 1933
- EDUCATION : Furman University, B.A., cum laude, 1954
University of South Carolina, J.D., 1959
- EXPERIENCE
- January 1993-Present : Secretary, U.S. Department of Education
- 1985-1993 : Senior partner, Law firm of Nelson, Mullins, Riley and Scarborough
- 1990 : Institute Fellow, John F. Kennedy School of Government, Harvard University
- 1978-1985 : Governor of South Carolina
- 1967-1977 : South Carolina State Senator
- 1963-1967 : South Carolina State Representative
- 1960-1963 : Attorney, family's law firm with offices in Greenville and Simpsonville, SC
- 1959-1960 : Legal counsel to the Judiciary Committee of the United States Senate
- 1955-1957 : Officer on a mine-sweeper, United States Navy
- PROFESSIONAL MEMBERSHIPS : Member, National Assessment Governing Board
Member, Carnegie Foundation Task Force on Meeting the Needs of Young Children Board
Member, Duke Endowment
- HONORS AND AWARDS : South Carolina Education Association's Friend of Education Award, three-time recipient Government Responsibility Award, Martin Luther King, Jr. Center, 1983 Connie Award for special conservation achievement, National Wildlife Federation, 1981

BALANCING THE FEDERAL BUDGET

Mr. PORTER. Thank you, Mr. Secretary. I have to say that although this is a hearing on the fiscal 1996 budget, and you spent a good portion of your time discussing the fiscal 1995 rescissions, if I were sitting in your chair, I probably would do exactly the same thing.

I think our differences regarding the rescissions result in the differences in the budget itself. The President's budget does not seek to get the budget into balance. It rather continues \$200 billion deficits out into the indefinite future. And I think the Congress, at least the Majority party in the Congress, feels that is not acceptable, and the very future you are talking about for our young people will be compromised because of the burden of debt upon them. If we continue to add to that debt, they will have no funds with which to go to college or anywhere else.

The average young person in America, let's say, leaving high school or college to enter the work force, is being handed a bill by the Federal Government just to pay the interest on this huge amount of debt that amounts to \$250,000 in extra taxes they are going to have to pay through their working lifetime just to service the debt. It seems to me at some point we have to call a halt to that. We have to get the budget under control, we have to bring it into balance, and every Department has to contribute to that process.

PROGRAM TERMINATIONS IN RESCISSION PACKAGE

I have a list of 37 program terminations that were suggested in the President's budget either for 1995 or 1996. They amount to about \$725 million. They were, I think, almost all included in our rescission package. So there we don't disagree, I don't think, at all.

Everyone who has ever looked at your Department, and it is not your fault, it is our fault in the Congress, has said, you have too many programs, there are just too many separate programs that serve narrow, little constituencies; that while they are worthwhile and important in a narrow sense, they are hugely expensive in terms of cost and manpower, person power, to administer, and that we have to clear them away.

I would suspect that even if they are all cleared away, and another 10 years elapses, Congress will put them all back into place again, but at some point you have to clear them away and start over or pretty soon you have 480 programs or 600 programs to administer, and I think we are at the point of being out of control.

GOALS 2000 RESCISSION

If you look at the remainder of cuts, we are talking about maybe 4 percent of \$24 million where we don't agree. And in some cases, I think we are not all that far apart. I would have to say that one of the reasons we included Goals 2000 was simply that the amount of increase is so substantial over a very short period of time that we felt the money probably couldn't be that well spent, and the rate of increase would just be slowed somewhat.

So I think in that case, we took half of the increase over 1994. It is not that we are hostile to the program. It is just that we think the money can be saved there.

SAFE AND DRUG-FREE SCHOOLS RESCISSION

With respect to Safe and Drug-Free Schools, one of the great problems that I have with the program is that it is not a targeted program. It goes to 96 percent of all school districts in America, and while that may be commendable in the political sense, I think we have to spend the money where it is most needed, and I felt that this program is one that is, in many senses, duplicative of a huge number of other programs that exist not only in your Department, but throughout all the departments of government that aim to do pretty much the same thing.

And that was the reason we included it. We are charged with looking at priorities and trying to determine which of those things are essential and absolutely needed for funding. We tried to make that judgment in our rescission package. I don't say that we didn't make mistakes and that reasonable minds might not differ on it. I am sure that they do and will.

I have said very often before, I will say again, the founders of this country were very wise people who made the process of doing anything, one that is extremely deliberative, one that is extremely participatory, and one that is extremely slow. All of this will be looked over very heavily, both at the full committee on Thursday, on the Floor thereafter, over in the Senate, and I assume we will hammer out a pretty good package that somehow finds the middle and does attempt to bring down the deficit and get our spending under control.

CONSOLIDATION OF EDUCATION AND LABOR PROPOSAL

Let's talk about the proposal, Mr. Secretary, that is coming from the Majority party, Mr. Gunderson and Mr. Goodling. They are saying we don't need to have a separate Department of Education. What we need to do is to take Education and Labor, consolidate them into a Department of Education and Employment, because these things are so importantly related, add the Equal Employment Opportunities Commission to that, and this would save administratively, they estimate, something like \$4 billion annually.

What do you think?

Secretary RILEY. Well, I have talked with Mr. Gunderson about his proposal, and he certainly is a careful, deliberative thinker. I was impressed with his conscientious attention to the issue, and I have pondered and pondered about any earthly way that this proposal could benefit the education of America's school children, and I do not find any way in the world that it would possibly help education.

He indicates that it would save—his proposal—some \$4 billion. I would point out that that is primarily under terminations and consolidations that I have spoken about and you have also, Mr. Chairman; we recognize we need to do some more work in that area, and we are doing it, and we want to work with the committee to do it.

But I do not see how it would benefit education in any regard, and I think the programs that are being run would generally have to be run by someone, anyhow, as far as doing away with the Department is concerned. And really I don't see that that is a big savings. I do think we all ought to work on terminations of small programs or a merger, consolidation of programs, and I do think that a lot of money can be saved in the future as we work those down.

But I don't see any benefit. If you put Education and Labor together, it would be a very strong move away from education, pure education, onto a track that would be education related directly with employment. And that is important. And that is certainly done by our School-to-Work Opportunities Act. And we have emphasized that, in all of the partnerships that are involved.

But then to have one Assistant Secretary of a—kind of a massive Department with all kinds of regulatory things, such as OSHA, I think he proposes putting Head Start under that too, it would be a giant of a Department—you would have one Assistant Secretary then handling this \$30 billion worth of education programs. It would mean not having a person dealing with education specifically, looking the President in the face and the Vice President at Cabinet meetings, and really being tuned into this country's future in terms of education.

So I welcome any ideas and suggestions, and I really am not a person who is locked into the bureaucracy, and I don't mind adjusting and readjusting, but I don't think that we should do it just to be doing it. And I think we need to have a real justification to disrupt the organizational structure that we are working hard on, trying to get things tighter and tighter and tighter and doing a better job, and I think we are, every day, and I would hate to get off of that into a—sidetracked into a large bureaucratic move that would take us off of education and put us kind of in this other world.

Mr. PORTER. Have you talked to Secretary Reich as to who would be the Secretary?

Secretary RILEY. No, but he would be tough competition, I will tell you.

Mr. PORTER. Mr. Obey.

Mr. OBEY. Thank you, Mr. Chairman.

FY 1995 RESCISSION PROPOSALS

Mr. Secretary, I am sorry I was late, I didn't hear your opening statement, but I would just like to observe a few things about the cuts that were made in the rescission package. One of my favorite popes was Pope John XXIII. He said the following: "Economic prosperity should be assessed not so much from the sum total of the goods and wealth possessed as from the distribution of goods according to the norms of justice."

When I take a look at the rescissions made and I see that about one out of every seven dollars which is appropriated in discretionary spending accounts for poor people is eliminated by this rescission package, but only about 1 percent of programs for nonpoor are eliminated, I do not see any acceptable norm of justice lying behind those reductions.

Another Pope, John Paul II, said the following: "The present economic difficulties must not become a pretext for giving in to the

temptation to make the poor pay for the solutions for the problems of the rich."

And it seems to me that is exactly what this rescission program provides. It ignores the requirement that David Stockman outlined a long time ago when he said during the Reagan administration that the way to change government in a justifying fashion was to "curtail weak claims rather than weak clients." Again, I think this package goes after weak clients rather than weak claims.

If you take a look at this package and what is happening on the school nutrition front, for instance, you see \$7 billion cut in school nutrition. There is not a glove laid on the \$80 billion which is going to go to finance the F-22. You know what the justification for the F-22 is? We have sold so many F-16s to Third World countries that we now have to build a new generation of aircraft so that they can stay ahead of the American planes we have sold to somebody else.

Now, if you can describe to me a more ludicrous set of circumstances than that, I would sure like to know what they are.

What I think we are facing is something which an old colleague of mine by the name of Harvey Newholm said in the Wisconsin legislature a long time ago. Harvey was a great man with a great soul, great determination. He was ugly as hell. He looked like a Basset hound. He said once, "the problem with this government is that all too often the poor and the rich get the same amount of ice but the poor get theirs in the wintertime."

PROGRAM TERMINATIONS

And I think that is being laid out in this package today. And so I guess I would just like you to expand on a few of the specifics. And let me stipulate, I support the action of this subcommittee and the Majority party in eliminating most of these tiny little programs. The administration was trying to eliminate a lot of these education programs. I think they were of marginal utility. But I frankly think they were so small that they are not worth sweating about and we should get rid of them so we can focus on the big picture.

So I think they were right to do that. But let me ask you, what do you think the impact is of the elimination of funding for the Safe and Drug-Free Schools Program that this committee whacked last week? Also why should the average working class parent care because \$133 million of resources were eliminated to help noncollege kids' transition into jobs through programs like Tech Prep and School-to-Work?

Why should working class parents be concerned about the changes being contemplated in the school lunch program? Why should we worry about the fact that 30-some million dollars were cut out of education for the homeless?

Secretary RILEY. Congressman, I did speak to a number of those issues in my remarks, and I will respond by saying that in the discussion, the colloquy the Chairman and I had will indicate that the small, rather narrow programs that the President's budget recommended for rescission, that there was a general agreement with practically all of that, and that we did start off with that positive accomplishment together.

SOME RESCISSIONS REFLECT SHORT-TERM SOLUTION

I expressed my complete disagreement on the other—many if not all of the other—cuts that went to education as being short-term decisions dealing with a short term way of looking at a problem and long-term problems developed. Education has to be connected with the deficit in the future.

And the way to resolve the deficit in the future is not to reduce education today. We have to have a viable, vibrant, productive country in order to deal with the deficit on down the line. And I really think we need to be careful trying to handle it in kind of an accounting way and not a visionary way, thinking out the future.

TECH-PREP AND SCHOOL-TO-WORK

When you look at the various programs, I would agree with much of what you had to say. I don't know about your characterization of Basset hounds. I don't think they are that ugly myself. I would say, make the observation, though, that Tech Prep is an outstanding program. We of course hopefully are moving—all 50 States are working on development plans to get collaboration around high schools and communities and School-to-Work transition efforts. Tech-Prep is a great nucleus where it is in place. School-to-Work expands that in the bank, in the hospital, in the plant, moving people in and out of the school.

But as far as the school part of Tech-Prep, it is very good, and it is really a very good place for us to work from to build a School-to-Work Program. In other words, we could see it phasing out as School-to-Work phases in, but to jerk Tech Prep out and have a void before School-to-Work can move in and take its place, would be, we think, a real mistake.

STAR SCHOOLS PROGRAM

The Star Schools program, when you talk about people who are disadvantaged or rural folks who really don't have some of the consolidation benefits, Star Schools, the use of technology, is so beneficial to those folks and to especially rural people.

SAFE AND DRUG-FREE SCHOOLS

The Safe Schools program, I spoke to that quite a bit, I really do think that is a mistake to eliminate that program. As I move around the country, I hear more about violence, more about drugs in schools, than anything else, and that is really unfortunate. But there is no question about the public concern. And if we are going to have high standards and build our schools up, we can't do it by having people feel like or having actual situations where schools are unsafe. They have got to be safe if you are going to have high standards, if you are going to have education work at all.

So I am inclined to restate much of my statement, but I would invite you to take a look at that because I think I spoke to those issues in some specificity.

ELIMINATING THE DEPARTMENT OF EDUCATION

Mr. OBEY. Thank you. I just have one other observation with respect to this whole flap about the Department of Education. I really

have had a belly full of this debate. And I think it is silly on both sides, to be frank.

I voted against the creation of the Department of Education, not because I thought there was anything wrong with having one, but because I thought that if we had one, that it would simply elevate the target so that the right wing in this country would have a more visible target at which to shoot and about which to pretend that the Federal Government was then in the process of trying to take over every lock, stock, and barrel of local decision-making in education.

So I thought it was a tactical mistake and simply gave people who shoot at any Federal Government involvement in education elbow room to do their shooting. So I voted against its creation.

I worked with the Republicans even on the motion to strike the enacting clause. So that is where I came from on that original package. Having said that, we have now created the Department. I think it is ludicrous to have an immense amount of energy go into the debate about whether there ought to be a Department or whether there shouldn't. The fact is, I don't think kids care, I don't think parents care whether it is a Cabinet Department, whether it is in the Nation, whether it is on Mars, or whether it is in any place or any State capital in the country, as long as people charged with dealing with education programs do a good job of prioritizing those programs, make sure those programs deliver real goods and services to real kids in real schools, in real life.

And I think that what you have got here is an ideological debate between people who ought to know better and they ought to sit down and simply work out their differences on the mechanics of providing good education for kids and work out the sweaty detail in the pit rather than having these broad leftover arguments from another era that aren't worth five minutes of our time.

You are not going to improve kids' education by eliminating the Department of Education. You are simply going to take more time arguing about bureaucratic boxes rather than asking the real question of what makes the kid learn, what are the best ways to teach a kid, and what are they going to need to be armed with in order to do battle in a very competitive outside world.

Mr. PORTER. Thank you, Mr. Obey.

The Chair allocated 10 minutes to myself and Mr. Obey had actually 12 minutes, so we are now under the 10-minute rule.

Mr. Miller, you are recognized.

Mr. MILLER. Thank you, Mr. Chairman.

I am surprised to find, Mr. Obey, that we have so much in common. I appreciate your compliments that some of the changes we have recommended were good. It is good to see we have some things in common.

I was interested in your comments about voting against the establishment of the Department of Education because it was kind of like the debate we went through for the balanced budget. I remember Joe Kennedy giving his argument on why he supported the balanced budget amendment although he is a person who is very liberal, it was similar logic. It is interesting how people with different philosophies can have some common goals.

DIRECT STUDENT LOANS

Let me switch to the issue of direct student loans, if I may. I remember that being discussed last year. The loan program was being done theoretically to save large sums of money. Rather than trying to fix the existing program, the idea is, let's let the government take it over, let's make the government bigger than it was.

I think the message from the election last year is that we want to reduce the size and scope of the government, not make it bigger. But the direct student loan makes it bigger because we are getting the government into the banking business and expanding it dramatically over the next several years.

SAVINGS FROM DIRECT LOANS—CURRENT LAW VS. PROPOSAL

You are showing now that we have very large savings, if I am not mistaken. In 1993, when you are looking at the loan programs, you proposed a \$4.3 billion savings, and now we are up to \$12 billion of savings on the Direct Student Loan program.

How do you jump that dramatically up to a \$12 billion savings?

Is that really a true number? Do you have that much confidence in \$12 billion? And that the government can really do it that much better to save \$12 billion? I am not saying the other program was perfect. We all agree that that needed changing and we had some savings to be made there. But to think we can save \$12 billion?

Secretary RILEY. Congressman, the savings on that program are just enormous, and really, once you get the program in place, for 40 percent of the loan volume, under the current law for this year, you can do it just as easily for 100 percent of the loan volume as you can for 40, once you get the computer processes and the electronic movement of the money and so forth.

And it is just an enormous saving. And certainly we have, as I indicated in my statement, savings that have developed under the current system, and then under the President's proposal, it does expand up to this \$12 billion figure.

The current savings is listed at \$5.2 billion through the year 2000, if we went under the current act, as it is now expanding to 40 percent, then to 50, then to 60 and then leveling off, and then it is on demand. Under the new projections, under the President's request for you all to examine, direct lending would go from the 40 to the 80, then to 100 percent in 1997-1998, and that then would bring in an additional \$6.8 billion of savings by year 2000.

I would point out that in terms of looking at this being a government program, and I look at this and I don't want government to grow, and I am inclined to agree with many of the efforts to hold that down and to try to use the private sector where possible. But the use of the private sector here is really an additional cost. And—not 100 percent, but a large, large part of it is just an additional cost. The guaranteed loan, when you look at the Federal Government's involvement, is not far from the government issuing the money itself. It is just one stage off of it, if you see what I mean.

Where the Federal Government is guaranteeing a loan, that is pretty heavy Federal involvement in itself. And under this program, of course, where the Federal Government actually makes it a direct loan, it eliminates all of the guarantee agencies and the

banks, of course, and all of the involved middle people, and the loan just goes straight through the institution to the student.

DIRECT LOANS—ADDITIONAL SAVINGS TO STUDENTS

I have been all over the country; I have talked to a number of people, students, people who work for financial aid, presidents. Support is enormous. I was in Oregon the other day, the college president of a community college came up to me and said in her school, students were saving so much money because they didn't have to go into a temporary loan, that under the old system they had to get a loan for three, four weeks, until the word could come back, going down through the chain and getting the loan approved.

This now takes 24 to 36 hours at the very most. So, you know, that was unsolicited.

So I think the program is working well and I would urge you all to take a good look at that.

ANALYSIS OF DIRECT LOANS OUTLAY SAVINGS

Mr. MILLER. I have concerns that we are talking about an illusory \$12 billion. I think you have been in Washington so long now, that you are starting to think government can do it better. According to your logic, we could take over the mortgage system and loan people money directly for their home loans. And you made a comment that people are in favor of it.

I will mention somebody who was in my office yesterday. He was the President of a local University, and had reservations before the program and still had reservations yesterday. So it is not something that all universities are saying is a great thing. There are serious concerns about it. I am concerned in particular about the cost of it five, ten years down the road. I think you need to double-check the numbers, as I still have some doubts we are going to save \$12 billion.

DIRECT LOANS PROGRAM STAFFING

What are you projecting the bureaucracy is going to be needing for that? And based upon your experience so far in 1994, will the level of service calls and inquiries into the government rise? I understand universities and colleges are supposed to handle it, but yet are the level of calls and demands about what you are expecting? Are you going to be expanding the bureaucracy to handle this as well?

Secretary RILEY. I think we give the projection on FTEs, as we are looking at that. Of course, with the FFEL program and the Direct Lending program running side by side, of course, there is some overlap in that. It is more expensive to run the two programs. Of course, that was the plan to do that for a couple of years, so we could compare the two.

As we move on into direct lending, if it becomes a complete Direct Lending program, in terms of running the two, FTE requirements will be less proportionately. I think that is the important factor, that we really are reducing; once we get it into a full, clear, streamlined, direct system, we will need less Federal employees than if we had the two programs running 50/50, side by side.

And it does—we are very carefully expanding FTEs to do that, not in a wild way, but training people and bringing in people who we think are good; thus far we are very pleased at that kind of success.

IRS ROLE IN DIRECT LOANS

Mr. MILLER. What is the role of the IRS in this whole thing? Weren't they going to be involved in the collection process? Where does that stand?

Secretary RILEY. There was a lot of discussion about that. The IRS, of course, has some questions about it that would involve things that are a whole lot more and different and new for them. Under the income contingent repayment plan, which is part of the direct lending process, the IRS does provide the information on income so you can figure what the loan payments would be.

Then we urge, of course, employers to work out a withholding with people; it is not mandatory, but it is urged to be—

FEASIBILITY STUDY ON IRS ROLE IN DIRECT LOANS

Mr. MILLER. Were they supposed to do some feasibility study on their role? Have we received that or do we know the status of that? Mr. Smith is nodding his head.

Mr. SMITH. Yes, we have a feasibility study, and it is now being looked at by the White House. We will get it to you just as soon as it is completed. The recommendation was not to include the IRS.

Mr. MILLER. So we will be seeing one soon. On the \$12 billion savings, is there enough documentation in there for us to feel comfortable that we really will get \$12 billion in savings?

ANALYSIS OF DIRECT LOANS OUTLAY SAVINGS

Secretary RILEY. We can certainly supply you, Congressman, with any information that we have, and why don't we do that. Sally, to make sure—to justify it.

[The information follows:]

ANALYSIS OF DIRECT LOANS OUTLAY SAVINGS

The proposed \$12 billion in outlay savings over FY 1995–2000 includes \$6.6 billion associated with the Student Loan Reform Act of 1993 and \$5.2 billion resulting from the President's proposal to move to full implementation of the Direct Loan program. Of the \$5.2 billion, \$4.1 billion is generated by accelerating the implementation of Direct Loans to 80 percent of new loan volume in academic year 1996–1997 and 100 percent beginning July 1, 1997, and \$1.1 billion reflects recoveries from guaranty agency reserve funds associated with the phase-out of the FFEL program. The following table provides additional background on these savings estimates. Please note that administrative costs have been accounted for in all estimates.

Analysis of Outlay Savings (In millions of dollars)

Pr: SLRA	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00	FY 1995-2000
Stafford	\$2,896	\$3,631	\$4,041	\$4,367	\$4,758	\$4,970	5,289	27,056
Unsubsidized Stafford	115	194	203	206	214	230	249	1,297
PLUS	42	24	23	23	26	28	30	153
SLS	129	112	120	127	133	144	156	793
Consolidation	2	63	207	234	154	172	184	1,015
Re-estimate of Prior Years	208	471						
Total, Subsidy	3,391	4,495	4,594	4,958	5,285	5,544	5,908	30,785
Administration	46	60	63	67	68	71	73	402
Total	3,436	4,555	4,658	5,024	5,353	5,615	5,982	31,187
FY 96 Current Services								
FFEL								
Stafford	2,298	2,427	2,126	1,852	1,864	1,726	1,859	11,854
Unsubsidized Stafford	73	239	188	160	157	141	149	1,034
PLUS	18	19	18	16	16	22	19	109
SLS	101	3	0	0	0	0	0	3
Consolidation	0	70	86	84	46	44	48	372
Re-estimate of Prior Years	208	465						
Total, Subsidy	2,697	3,223	2,418	2,112	2,083	1,933	2,074	13,843
Administration	46	60	42	34	30	28	28	223
Total, FFEL	2,743	3,283	2,460	2,146	2,113	1,961	2,102	14,065
Direct Loans								
Stafford	34	453	1,154	1,311	1,434	1,773	1,962	8,087
Unsubsidized Stafford	-6	8	-22	-128	-148	-199	-243	-732
PLUS	-2	-24	-84	-127	-142	-154	-160	-691
Consolidation	0	51	36	-71	-53	39	-46	-43
Re-estimate of Prior Years		5						
Total, Subsidy	26	494	1,083	986	1,091	1,458	1,514	6,626
Administration	122	349	418	542	662	787	905	3,664
Total, Direct Loans	148	843	1,502	1,527	1,753	2,245	2,420	10,290
Total								
Subsidy	2,724	3,717	3,501	3,098	3,174	3,391	3,588	20,469
Administration	168	409	461	576	693	815	933	3,887
Total	2,891	4,126	3,962	3,673	3,866	4,207	4,522	24,356

Analysis of Outlay Savings (continued)

(In millions of dollars)

	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00	FY 1995-2000
FY 96 Presidential Policy								
<i>FFEL</i>								
Stafford	\$2,298	\$2,427	\$1,697	\$627	\$105	\$0	\$0	\$4,857
Unsubsidized Stafford	73	239	150	54	9	0	0	453
PLUS	18	19	5	14	1	0	0	39
SLS	101	3	0	0	0	0	0	3
Consolidation	0	70	43	13	0	0	0	126
Re-estimate of Prior Years	208	465						
Total, Subsidy	2,697	3,223	1,905	700	115	0	0	5,943
Administration	46	60	42	34	30	28	28	223
Total, FFEL	2,743	3,283	1,947	734	145	28	28	6,166
<i>Direct Loans</i>								
Stafford	34	453	1,471	2,205	2,609	3,033	3,270	13,041
Unsubsidized Stafford	-6	8	-36	-225	-270	-339	-404	-1,266
PLUS	-2	-24	-110	-216	-258	-264	-266	-1,138
Consolidation	0	51	-18	-78	4	49	-106	-99
Re-estimate of Prior Years		5						
Total, Subsidy	26	494	1,308	1,685	2,085	2,479	2,493	10,543
Administration	122	349	407	510	630	750	888	3,534
Total, Direct Loans	148	843	1,715	2,195	2,715	3,229	3,381	14,077
Total								
Subsidy	2,724	3,717	3,213	2,384	2,200	2,479	2,493	16,487
Administration	168	402	449	544	660	778	916	3,756
Total	2,891	4,126	3,662	2,928	2,860	3,258	3,409	20,243
GA Reserve Recovery			-350	-250	-250	-150	-100	-1,100
Savings								
SLRA - Current Services	-545	-429	-696	-1,351	-1,487	-1,408	-1,460	-6,831
Current Services- Pres. Policy	0	-0	-649	-995	-1,256	-1,099	-1,213	-5,213
Total	-\$545	-\$429	-\$1,346	-\$2,346	-\$2,743	-\$2,508	-\$2,673	-\$12,044

SUPPORT FOR FEDERAL DEPARTMENT OF EDUCATION

Mr. MILLER. Thank you Mr. Chairman.

Mr. PORTER. Thank you, Mr. Miller.

Ms. Pelosi.

Ms. PELOSI. Thank you very much, Mr. Chairman.

I am very pleased that we have a Secretary of Education of such distinction. I support the idea that we have a person that speaks to the President about one issue and one issue alone—the education of our children and the foundation that that creates for them and for your country's future.

It is interesting to me to hear our distinguished Chairman, who knows I respect him very highly, talks about the need for us to have these rescissions, because we don't want to saddle our children with debt in the future. And I hope that his motivation for these rescissions is what prevails, if the rescissions prevail, because the louder voice that I hear is one that says we need a honey pot, a down payment on the "Contract," we need a trust fund for tax breaks particularly for wealthy Americans. I think it would be most unfortunate if we are suggesting these rescissions be used for that purpose.

I think it is very shortsighted. I appreciate the Chairman was mentioning that our forefathers planned a system that would be deliberative, participatory, and slow, and I hope that that will apply to what we do here, and what we do in other issues like the Corporation for Public Broadcasting as well, which I consider part of the education of our children.

TARGETING OF SAFE AND DRUG-FREE SCHOOLS FUNDS

I had a couple of specific questions of Mr. Secretary. Since the Chairman mentioned that his opposition to the Safe and Drug-Free Schools funding was because it was across-the-board, it wasn't targeted, 96 percent of the communities in our country could benefit. Is there a way that you can target to the most vulnerable areas? Would that be a viable alternative across-the-board? Why is it across-the-board? That is my question.

Secretary RILEY. Well, the Drug-Free Schools program was mostly a formula program, and grew from thinking that really all schools probably equally had the same concern; at the time, the country was really worrying about that issue specifically, and I really think it has made a difference. You know, the level of drug use and so forth has come down over the years. Unfortunately it has reached the ground floor and has started back up.

Then we, of course, had a very small Safe Schools Program, and we recommended to merge those together, which was done, and so the two now are together, and certainly we would be very happy to take a look at more targeting in terms of that program. Actually it leaves it to the States, and that is kind of a State decision, how they handle it among the States. But certainly we are always interested in more targeting.

Thirty percent of the money to the States is targeted to high-need districts.

Ms. PELOSI. Thirty percent is targeted to the States——

Secretary RILEY. To high-need districts. So there is some targeting, but certainly we would be happy to look at more of that.

DEPARTMENT STAFFING

Ms. PELOSI. On another subject, on the subject of the Department of Education versus being part of another agency, is it so, that when the Department of Education was part of HEW, there were 6,000 employees, and now the number is lower?

Secretary RILEY. When we were part of HEW and the function was transferred over to the new Department, maybe a handful to another Department, but it was substantially HEW, there were 7,700 employees, and now there are around 5,000. So it is a significant reduction. And really that has taken place through the 1980s, and we are holding that level carefully, as best we can, with new responsibilities like direct lending that we were just talking about. But we are still holding it generally in the 5,000 area.

Ms. PELOSI. I appreciate that.

STUDENT LOAN-IN-SCHOOL INTEREST SUBSIDIES

On the subject of student loans, in our hearing on the budget the Appropriations Committee had a couple of weeks ago, we talked a great deal about the fact that one of the budget proposals of the Republican Majority was to "save," I say in quotation marks "save," \$9 billion by cutting back on the subsidy for interest for the students who are still in school.

Would you address the consequences of such an action further, Mr. Secretary?

Secretary RILEY. Well, I think that would be a real mistake, and I have spoken out on that a number of times. Certainly the savings that are gleaned from the Direct Lending program are very real, and we have had some discussion, and you heard some of that, I think. But the in-school subsidy is for poor, near-poor students who are going on to higher education. Having that experience without student financial aid—well, they would absolutely not have the chance to have it. And of course where they are judged in need, then they don't pay the interest until they come out of school.

If you add that up, you are talking about lots of money. It is the largest amount of cut ever to come out of the Student Financial Aid Program in its history. It would be close to \$2 billion a year really, coming out of poor students themselves.

And that to me is a real mistake. I think we ought to be going in the other direction. We ought to be working toward more access instead of less access. The cost of that on an average situation, for a student who stays four years, would run in the neighborhood of 18 to 20 percent increase in their interest cost.

Ms. PELOSI. Well, I think that there are some very telling figures in there. So often around here we hear about dynamic scoring and how we cut taxes for somebody, it is going to reap so many benefits down the road, but in your Department, and particularly on these investments in higher education of our children, if dynamic scoring were applied, we would reap enormous benefits in our budgets in a very short period of time. I consider that a very good investment. It is something that we should fight for.

Mr. Secretary, one final question. That was a message to the Chairman that I understood my time was running out——

Mr. PORTER. You have two minutes.

GOALS 2000 RESCISSION—EFFECT ON PROGRAMS

Ms. PELOSI. Thank you, Mr. Chairman. As I understand your testimony, an estimated 4,000 fewer schools would receive funding under Goals 2000 if the Republicans' rescission package were approved.

Is that so, and what would this mean at a local level in terms of education?

Secretary RILEY. Well, 45 States now have applied for funds and are in the stages of receiving funds. So they have activity going on at the State level and in each State the Governor and the chief school officer then have put together their panels—they are working on a State plan, an action plan for the State to improve education, to reach for these broad, national goals, most of which came from the governors themselves.

So that kind of action is very healthy to be going on in this country. In this first year where the appropriation level was about \$100 million, there is not a whole lot of funds left when you look at 50 States and eight or nine territories, to go on down to the school districts, to schools.

However, the law, as I recall, requires 60 percent of those funds to go down in the first year. So you have a small amount going down. The States then are handling that in a very careful way, competitive grants or whatever from school districts and so forth.

Now, the plan then is once the action is in place on the State level, the State is working on its own standards, its own assessment to those high standards. The State is working on how to improve in terms of discipline and parent involvement and all of the other factors that are in the goals. Then the second year, the \$400 million level, we would expand that significantly, and at that point in time under the law, 90 percent of the funds go down to the local school districts.

So you have then 98, 99 percent of the budget going down to the State, 90 percent of that goes down to the local schools. That money almost goes directly to the local schools. And they then are working on their own action plans, they have this collaborative effort going on, among their own people, the parents and businesses and teachers and whatever.

And it would be a really sad reversal to slow that process down. It is not like some big Federal program telling them what to do or whatever. It is their own action plans, their way to improve. It has accountability, though, and I think that is important.

What is the accountability? The accountability is this. The State and the local schools do their own standards, define what a good education is, what a child should know and be able to do at a certain level, in a certain subject, and then have assessment to that level.

In other words, they have high standards, and assessment to those high standards. The people then can look at that assessment and see what is happening with it. So there is an accountability feature that is very, very strong. To cut back that program simply

just pulls that money back from these school districts where they are really ready to have the kind of improvement, the kind of activity, the kind of action and energy take place that I think will be very important for this country.

TECH-PREP RESCISSION

Ms. PELOSI. Thank you, Mr. Secretary. Time prevents me from asking any other questions, but I do want to support what you had to say about Tech-Prep, the foolishness of cutting those funds when we are trying to get into an information highway and have our children be part of that, as well as associate myself with your concerns about Title I, bilingual education, education for the homeless children, and the TRIO Program. Thank you.

Thank you, Mr. Chairman.

Mr. PORTER. Thank you, Ms. Pelosi. Mr. Dickey.

EXCHANGE OF GREETINGS

Mr. DICKEY. Secretary Riley, somewhere along the way you have met my daughter Rachel and son Ted and impressed them very much, and they would want me to tell you hello.

Secretary RILEY. If I had known that, I would have called my son. And thank you very much.

LOW ACHIEVEMENT IN PUBLIC SCHOOLS

Mr. DICKEY. Many parents in my district claim that increased Federal involvement in public schools has led to an increased number of kids graduating from high school who don't even know how to read and have average SAT verbal scores falling 35 points below the average 1970 scores. Some parents are placing their children in private parochial schools or simply in home school to provide an education that children cannot receive in public schools.

Why are we seeing this trend? Do you believe the trend can be reversed, and how?

Secretary RILEY. Well, the trend, Congressman, is of course different in different areas. I know when I was in South Carolina, and we really got heavily involved in what we called the Education Improvement Act, which was high standards, it was making education harder, tougher, parents, citizens, business involved in all of that. We found after about two or three years of high standards, careful assessment, performance counts, really trying to put that kind of attitude back in the schools, that there was a tremendous move in the other direction.

There were some 8,000 students who were in private and parochial schools that moved back to the public schools when they saw they were really getting serious about education. Of course it goes different from State to State, from year to year.

GOALS 2000—ADDRESSING ACHIEVEMENT

I think that Goals 2000 is really the way to bring the standards up so that people can get involved in their schools, parents and grandparents and whatever, can see challenging, engaging, exciting work taking place, see their children learning—the kind of thing you say here, and we hear that all the time, people coming out of

school that aren't well educated, and I believe the answer to it is for education to do a better job.

And I think Goals 2000 is a State and local controlled system to do that. I know some areas have a concern about it, that it somehow is the Federal Government imposing some of its will on people, and I would absolutely have to say that is not the case. That is not the way the law reads. It is not anybody's intention or belief. It is a State and local control, but it is high standards and defining what high standards are.

So I think that is the answer to that problem. And if it is, we would certainly do well to do that, coupled with the School-to-Work Opportunities Act, do well to see that and work to make sure that accountability is there and it really is working well.

GOALS 2000—ADDRESSING CRIME AND DRUGS

Mr. DICKEY. You didn't mention drugs and crime and that sort of thing, but that is really what is happening. We are having people moving from one community to another to escape crime, to heck with education.

Secretary RILEY. You are exactly right. Of course that is kind of a neighborhood thing, a community thing. Of course, the goals include discipline, education, drug-free, and violence-free schools. So, I mean, many of the schools will take their Goals 2000 money and use it for that purpose, if that is what they want to do. It is up to them. But certainly that is something that they can do, and that could be a very good use of the funds in some schools. Some schools wouldn't need that at all.

MINORITY GRADUATION RATES

Mr. DICKEY. I have a pretty high percentage of minorities in my district, and I notice the statistics are showing that minorities are not graduating at the same rate as the more advantaged students.

Are you doing anything in that regard with Hispanics and blacks?

Secretary RILEY. Yes, of course, through Title I and other programs that deal with disadvantaged young people, Congressman. We, of course, as you all were, were involved in the reauthorization of that last year, that put in high standards for Title I, which was different from the way it was in the past. Trying to elevate the standards is the same kind of thing that Goals 2000 is doing, with Title I as the special help that the Federal Government provides for disadvantaged young people.

FLEXIBILITY UNDER TITLE I

And those—the flexibility that is available there under Title I, I think, is very significant. The waiver capacity that we now have, all of us are worried about the rigid Federal programs that will get down to the local level and not work to suit the local situation. And Title I, and the ESEA, now has so much in it that enables us to waive those program requirements where they make good sense.

And in fact, certainly, in Goals 2000 there is an Ed-Flex provision which identifies six—says that we can identify six States that really can control their own waivers, and that is rather radical in

this day and time, to think that you have Federal programs, and this is a pilot program, and I would like to see it expanded, and that is something that will be before us hopefully. But six States will be identified where they control their own waivers to have flexibility among these Federal programs.

SSI BENEFITS TO CHILDREN—"CRAZY CHECKS"

Mr. DICKEY. Has it gotten to you, the problem that is happening in the classrooms that is promoted in some way by the crazy checks phenomenon? Are you familiar with the crazy check situation?

Secretary RILEY. Crazy checks? Is that an international craziness?

Mr. DICKEY. I think it is Members of Congress. What is occurring is that because of flaws in the SSI program, kids' parents are being paid disability amounts for their child's disruption factor in classes. Has that gotten to you? Obviously, it hasn't.

Secretary RILEY. I have read a number of things about that, and that is a concern, and something that I think we need to be very careful about, that people are identified as needing special ed. and so forth so they can qualify for other funds.

Mr. DICKEY. The problem is they are getting back in the classroom. After they get to that point, then the Disabilities Act prevents them from being discriminated against so they are getting back in the classrooms and the teachers are coming to me and saying, we have no control, these folks are even getting rewarded for acting that way and we have to take them back.

I just wish you would look into it.

Secretary RILEY. We are pondering about that. The issue, of course, involves disabled kids and some that are seriously disabled and some are just physically disabled—you know, from an education standpoint, those aren't difficult questions when it is a physical disability.

But when you get into emotional disability, all levels of that, it really becomes very difficult, and the general way that is handled is individual education plans, that is to say that any kid that is identified, as you know, as special ed. or as disabled has to have an individual education plan. I think that is the way it ought to be done, because they have to be looked at in kind of a special way.

CHILDREN RECEIVING SSI BENEFIT CHECKS

But I will certainly follow that, and we are very much aware of those difficulties.

[The information follows:]

CHILDREN RECEIVING SSI BENEFITS

As you mention, there have been stories circulating that families are "coaching" their children to fake a mental disability in order to obtain SSI payments.

If this "coaching" is taking place, it is, of course, an issue of concern. However, I have been informed that both GAO and the Social Security Administration have looked into this and found no evidence of widespread coaching.

While there is no evidence of widespread "coaching," the issue you raise is an important one. As you know, the recent law setting up an independent Social Security Agency also asked the Department of Health and Human Services to establish a commission to examine children and SSI issues. Secretary Shalala has appointed that commission, which is chaired by former Congressman Jim Slattery. The commission is addressing a variety of issues related to your concerns, including how SSI

eligibility determinations are made, and how best to target benefits to those with the greatest need.

Finally, it should be noted that children receiving SSI are not necessarily eligible for services under the Individuals with Disabilities Education Act (IDEA) and children being served under IDEA are not necessarily eligible for SSI benefits. The programs have different purposes and different eligibility criteria.

EXCHANGE OF GREETINGS

Mr. DICKEY. One last question. I would like to take back a hello from you to my children.

Secretary RILEY. I wish you would do that. Ted is now practicing law in South Carolina. Rachel said hello.

Mr. DICKEY. This is my Ted and Rachel.

Secretary RILEY. Oh, your Ted and Rachel.

Mr. DICKEY. Do you have Ted and Rachel?

Secretary RILEY. I have a son, Ted. I thought you were saying that your daughter Rachel and my son Ted—I am glad to find that out, my son Ted just got married. I didn't realize it.

Mr. DICKEY. During the inauguration you stopped and talked to them and they have asked about you several times. That is law school. I am glad we got that straight.

Thank you, sir.

Secretary RILEY. Thank you. You tell them I said hello.

Mr. PORTER. Ms. Lowey.

PROGRAM TERMINATIONS AND RESCISSIONS

Ms. LOWEY. Thank you, Mr. Chairman. And welcome. It is a pleasure to have our distinguished Secretary with us again. Aren't you brave to return to the scene of the crime! I think it is criminal when we cut \$1.7 billion here last week, and in fact that amounted, depending on how you count, to the cutting of about 47 programs.

As I look back upon the past years of working with your administration, I know we both agree that we have to make some cuts in programs, because there are too many little programs. You yourself have recommended combining some of these programs in more flexible, larger programs so they can more adequately and effectively address the populations' needs. In fact, last year, I believe that you consolidated and cut about 24 programs.

So I want to say at the outset, I applaud your movement in downsizing and consolidation. But I for one am very concerned about the \$1.7 billion of cuts. We talked about Goals 2000 and several other priorities. I want to begin by talking about the Safe and Drug-Free Schools program that was zeroed out completely.

SAFE AND DRUG-FREE SCHOOLS RESCISSION

I have been concerned for a long time about the escalating violence in our schools. In several of my communities, although crime itself is going down, the numbers of violent crimes committed by juveniles is escalating, and in fact all the problems in our community converge on our school system.

So whether we like it or not, the schools either get the credit or they get the blame for the violence that is occurring. I recently received a letter from the principal of the William H. Holmes Elementary School in my district. I want to read it to you. "The loss of safe and drug-free zone funding will affect the entire city of

Mount Vernon. 10,000 students and their families have received benefits from the monies. After school, summer programs have given students alternatives to drugs, skill development, and knowledge of alcohol and drug abuse.

"The staff receives staff development to assist them in curriculum implementation. Parent programs have been offered. It has also provided for counseling services for students who come from homes where drugs are used and for those who have used drugs.

"Mount Vernon has a high arrest rate for drug abuse and it is imperative that you fight to keep these monies in place. Alcohol and other drug use is on the increase across the Nation. Prevention is more cost effective than jails and treatment of addicts. Please help our children in the time of need. Vote for the children."

SAFE AND DRUG-FREE SCHOOLS RESCISSION—PROGRAM IMPACT

Well, I couldn't have said it better myself. And I feel so strongly that if these monies were not working effectively, then we could improve the program to make it more effective, but that we shouldn't zero it out completely. And I am very concerned, perhaps you can share with the committee your description of how communities are making use of this program. Tell us about the consolidation of the program, how does it work at the local level, what would the rescission of the safe and drug-free schools funds do to local schools' ability to keep guns and drugs out of the schools?

Because unfortunately the guns and the drugs haven't disappeared. It is just the program to deal with them that is being rescinded.

Secretary RILEY. Well, of course, as I indicated earlier to another question, we had the two programs, we had the Drug-Free Schools program and then we had the Safe Schools Act. Then it was our feeling that the whole subject matter is so interrelated that it would make a whole lot of sense for the States, as they manage these programs, to merge those two together, and let the money going from the States to the school districts, to manage those two programs as one.

So the discretion then is rather broad. For each State the problems are different, they are different from community to community, and so it makes good sense to have flexibility.

States then take those funds and develop their own plans and their own programs to meet their own State needs. And it varies, as I indicated, everywhere I go, everywhere. When I was just in New Jersey the other night, Governor Whitman was having a big group there and in responses from the crowd and a panel, over and over again people would come up and talk about the violence and the drugs and the complications.

And it is amazing how that is on everybody's mind. Well, it is not a good signal then to people who we want to get supportive of the schools and get involved in the schools and to participate in school activity, parents and grandparents or whatever, then to cut off the very thing that they are most interested in. So I think we can always work to make programs better.

That program really goes down to the State, it is kind of a State program. And, you know, that plays against putting more specifics in the program rather than let the State do it themselves. But we

certainly would be very willing to work with you and anyone else to try to improve how that is done, but to eliminate it we think is a very serious mistake.

SAFE AND DRUG-FREE SCHOOLS STATE GRANTS

Ms. LOWEY. In fact it seems to me to be a model of what the Republican Majority seems to be advocating. Deal with the problem, find a problem—and we know that there is violence and there are drugs and discipline problems in our school—then establish a block grant and send that money down to the local level.

Now, isn't it true that the Federal Department of Education is not making decisions about those dollars? Those dollars are going down to the State and local level, and they can use them so that they can be most effective in meeting local needs. And perhaps you could share with us some specific examples, because I know—I have been very impressed the way you have been traveling around the country advocating personal responsibility, get the community involved, get the parents involved.

So I would think that this money, if it is going directly without strings to the local level, can address that problem by getting everyone involved. Perhaps you can give us some example of that.

Secretary RILEY. Let me—Sally, why don't you share—we have some examples here, and let me ask Sally to share a couple of those with you.

EXAMPLES OF DRUG-FREE SCHOOLS PROGRAMS

Ms. CHRISTENSEN. Just a couple, we can insert more for the record, but as an example, Cordova Elementary School in Phoenix, Arizona, serves an urban community where about 70 percent of the families in the community have incomes below the poverty line. The school district receives about a \$50,000 grant each year, and their prevention program includes kinds of things like 20 hours of instruction in each of the grades, a Students Against Drunk Drinking Program, conflict mediation, cross-grade tutoring, latchkey programs and counseling services.

These are things that keep the children occupied after school, not just upgrading or enriching their programs during the day; they actually help them after school in keeping them out of trouble and encouraging them to get involved in sports and academics.

Ms. LOWEY. Before you go any further, with that particular program, if these funds were zeroed out completely, what would happen to that program?

Secretary RILEY. Let me say this, Sally. It is kind of hard to look back at that, because most of these programs are looking—in terms of violence—are looking to the future, and because they are forward funded, as you know, and the money won't start to flow until July 1, and so it kind of cuts it off at the pass.

But all of the drug-free school programs and the safe schools programs have been going along over the years, and I think they serve a very important purpose.

But the benefits of the combination really doesn't come out until it has been appropriated.

Ms. LOWEY. You have been quoted that "education is a State and local responsibility but a national priority." Again, it would seem

to me that this program would fit with that concept. We have a priority, we have a responsibility to make sure our children are learning. And what I see too often is behavior problems and violence interfering with learning.

So I do hope that we can work together, and I believe my time is up. I will save the rest of my questions. I do hope we can work together to ensure that we can continue to provide assistance to the schools so that they themselves can design programs that can work on education and dealing with the violence that is unfortunately escalating in the United States of America.

[The information follows:]

EXAMPLES OF SUCCESSFUL DRUG-FREE SCHOOLS PROGRAMS

The Department has identified successful drug prevention programs from around the country that are supported with Drug-Free Schools and Communities Act (DFSCA) funding. Examples of these programs include:

Cordova Elementary School, of Phoenix, Arizona, serves an urban community. Approximately 70% of families in the community have incomes below the poverty line. The school district received a \$50,360 DFSCA grant in 1990-1991. Cordova's prevention program includes about 20 hours of prevention instruction in each of grades kindergarten through 8 as well as support groups, a Students Against Drunk Driving program, conflict mediation, cross-grade tutoring, latchkey programs and counseling services. Evaluation data collected about the program reflect a decrease in suspensions and disciplinary actions; between 1988 and 1991, rates of use declined for tobacco, alcohol, and marijuana.

Thoreau Middle School of Gallup, New Mexico, a rural school serving a farming community and a portion of the Navajo Reservation, used a \$4,386 DFSCA grant in 1990-91 to implement a program that includes curriculum, peer counseling, and peer-led conflict mediation. Staff at Thoreau found decreases in the lifetime rate of alcohol use (from 36% in 1984 to 19% in 1990), in inhalant use (from 16% in 1984 to 5% in 1990), and in marijuana use (from 19% in 1984 to 8% in 1990).

Malvern Junior High School of Malvern, Arkansas, a district serving a rural community with 40% of students below the poverty level, received a DFSCA grant of \$22,000 in 1990-91. Malvern identifies its peer leadership program as its most important prevention program; it also implements a prevention curriculum, maintains a student assistance program, and offers parenting classes. Drug policy violations have decreased and disciplinary suspensions for violent or threatening behavior have been cut in half between 1988 and 1992. Student drug use rates have also decreased significantly between 1986 and 1992 -- the lifetime use rate for alcohol declined from 28% to 15%, and decreases were also noted in rates of marijuana and tobacco use.

Kenedy High School, of Kenedy Texas, serves a rural community in which 75% of students are minorities and 60% of families have incomes below the poverty line. Kenedy's prevention programming is supported in part by DFSCA funds (1990-1991 DFSCA award of \$10,600). Kenedy's program includes an agreement with local judiciary and law enforcement officials that requires students apprehended for an alcohol or drug violation to be taken to the local police station. A law enforcement officer meets with students and parents after a violation; students are usually assigned public service duties at the high school as a sanction. Kenedy also implements the state's mandated drug curriculum, operates a student assistance program, and follows a State mandate to identify at-risk students and provide special assistance and tutoring. Kenedy reports significant improvement in several areas between 1988 and 1991, including a reduction in in-school suspensions from 123 to 33, and a decline in rate of tobacco, alcohol and other drug use from 23 % to 13%.

SAFE AND DRUG-FREE SCHOOLS—MONITORING RESULTS

Secretary RILEY. That is what we would like to do. If that program is kept intact, I will assure you that we would be very interested in following the results. As you say, it is State and locally run, but we would be interested in a measure of accountability to see what is working and what isn't. And we would certainly want to follow that.

Ms. LOWEY. I appreciate that.

One last thought—

Mr. PORTER. I am sorry.

Ms. LOWEY. We will save it for the next round.

Mr. PORTER. Mr. Bonilla.

Mr. BONILLA. Thank you, Mr. Chairman.

STATE OF EDUCATION ADDRESS—STUDENT REACTION

Good morning, Mr. Secretary. First I want to thank you for your strong testimony, it was good testimony, for keeping a watchful eye on the subcommittee as you have for the last couple of years consistently. I notice in your testimony that recently a student told a reporter that when he talked to Secretary Riley, it was like talking to a normal person. Another student praised you because, quote, "you don't use big words."

1995 RESCISSION PACKAGE

But moving on to a more serious subject, last week we addressed over 142 line items in our subcommittee's budget. And we I think all in this committee understand that perhaps we made some mistakes. Did we do what is right in going into this process?

I think since we honestly feel that we put a lot of forethought into this, and are trying to use common sense and as much reason as we possibly can. We are not shooting from the hip, we are trying as best we can to evaluate all these programs that exist, that help neighborhoods across this country.

Is everything set in stone? Probably not. We have a long process to go through, as you know, before anything is finalized. But I did want to point out Mr. Secretary, you were quoted yesterday by the Associated Press as saying that what has been done on this committee defies common sense and compassion.

I want to emphasize that Chairman Porter and I have often disagreed on points, not only on this subcommittee but in other areas as well, but I can tell you from the heart that he is one of the most thoughtful Members in this Congress who tries to do what is right for this country, and puts a lot of thought and substance into the process that we are dealing with here, and to assure you that there is no one acting on this committee with any kind of malice or without trying to best use our common sense and compassion as we approach this.

We are trying to make some difficult choices in difficult times. I thank you for helping us on this. You are head and shoulders above the other two Secretaries when it comes to trying to cooperate with us to some degree on coming up with rescissions that are difficult for us to handle.

I would like to start out by asking you, based solely on your Department's rescissions, would you recommend a veto of the entire rescission bill just based on your Department's rescissions?

Secretary RILEY. Based on my Department's rescissions, as I indicated earlier, Congressman, I don't want to belabor a point, but I want first of all to agree with what you said about the Chairman, and make that very clear. I am fighting for education, and I think any point that I run into where I think I need to say something to fight for education, I am going to try to do that. But I don't want to in any way infer that the Chairman is not a person of common sense and compassion, because I think he is.

PROGRAM TERMINATIONS AND CONSOLIDATIONS

Let me say that I think caught up in this activist effort to cut things, it is very difficult, and I started out by saying that, you know, we are part of that. We want to try to cut. And as Congresswoman Lowey said, we are into terminating programs, and we get thousands of calls, every time we send something over here to be zeroed out. Don't think we don't get all the same kinds of calls you get.

But we really have tried to be responsible in that, terminations and consolidations, rescission terminations, and then in the 1996 budget. But we start out agreeing with a great deal. And I wouldn't want to back up from that, because we recommended from the executive department that a number of things be terminated, a number consolidated.

So I do think that certainly I would agree with that, as far as you all's action, and your action was to adopt practically all of that. I think there was one small thing you didn't adopt.

Now, when you go from that, naturally I would be opposed to that, and I have tried to say that in as strong terms as I could, because if I had thought that that should be rescinded to start with, I would have recommended to the President and the President would have recommended it be rescinded.

RESCISSIONS—SHORT TERM RESPONSE TO DEFICIT

I think to make the case that when we are dealing with the problems of deficit, and we have got to deal with it, and it is not going to be easy, and we are going to have a lot of discussion, and as you say, it is a long process, but to cut education is a short-term way of dealing with the deficit, and I absolutely believe that, and if you cut education, you might have a moment of relief, but 10 years out you are going to see the deficit harmed by it, because the populous is less productive, less able to earn money, be productive, and participate in what brings about funds into the Federal system.

SUBCOMMITTEE VS. DEPARTMENT PROPOSED RESCISSIONS

So that is kind of where I am on it. I would have opposed all of the rescissions other than those we really kind of went out on a limb to express ourselves, because we thought we had been rather bold last year and this year in recommending terminations and consolidations.

Mr. BONILLA. Then you would recommend a veto as is?

Secretary RILEY. Well, I am not going to get into the veto side of that. That is of course up to the President, and I don't know that he will be asking me what he should veto and should not veto. But I would say this: You ask me if I favored or disfavored or would favor? If I was on the committee, I would favor an amendment to the rescission measure that would take out everything in education except those things that we recommended.

GOALS 2000 AND BLOCK GRANTS—REGULATIONS

Mr. BONILLA. I would like to move now to Goals 2000, with the intention of drawing some parallels between Goals 2000 as it currently stands and block grants.

I have some very quick questions here to ask about Goals 2000. How many pages is the Goals 2000 application for the States?

Secretary RILEY. Well, that is one thing that we have been boasting about, and it is a very simple application form, only four pages long, and I don't think States have had any trouble with the application. I think they have been very shocked at that.

Mr. BONILLA. And also, how many pages of regulations are in the Federal Register that dictate how States are to spend the money?

Secretary RILEY. Zero. We don't have any regulations, and I appreciate your asking the question.

Mr. BONILLA. I have another one you will like.

Secretary RILEY. I hate to hear the third one.

Mr. BONILLA. How many pages of regulations does the Department plan to publish in the Federal Register dealing with Goals 2000?

Secretary RILEY. None.

NATIONAL GOALS AND STANDARDS PANELS

Mr. BONILLA. Would our children be adversely impacted if we funded Goals 2000 at \$347 million but eliminated funding for the National Education Standards and Improvement Council and the National Education Goals Panel?

Secretary RILEY. Well, and let's talk about that just a little bit.

GOALS PANEL

Of course the Goals Panel, as you know, was in process before we got here, but it was funded through a different way through the Department. And I think it serves a very, very useful and important purpose.

It is majority State, of course, more governors than anything else. It is exactly bipartisan, it is 50/50 in terms of its bipartisanship, and that is no matter who is in the Presidency.

In other words, when a Democrat is in the Presidency and he has two appointments, I am on the Goals Panel, then the Republicans pick up two more governors, in other words, it keeps it even.

And frankly I have been very pleased at the way the Goals Panel has operated. Its function is to do kind of a national report card, to see what is happening out there, to serve in a beneficial way, to watch the goals that the States themselves wanted in a national way, to then follow what is working and what isn't in terms of the Goals 2000 standards driven process. So it is primarily State con-

trolled, and it is bipartisan, and I think it works well, and has a real purpose.

NATIONAL EDUCATIONAL STANDARDS AND IMPROVEMENT COUNCIL

Now, NESIC, the standards council. The design of NESIC came from an earlier task force which had significant conservatives and liberals on it, I will point that out. It was chaired by Roy Romer, the Governor of Colorado, and Carroll Campbell, the former Governor of South Carolina. I think Dr. Smith was on that task force. So was Checker Finn and Roger Porter and Lynne Cheney. That is where this process came from.

The top people in education in this country were involved, and it was a carefully thought out process. They developed the concept of going out and developing consensus on national standards, realizing they are not binding on any State in any fashion, but the standards would come before this group of highly respected educators, business people, serving on this council. The council would then certify or not certify these standards.

Again, States wouldn't be bound by them at all. The public, of course, got very upset when there was some strong disagreement, strong disagreement with the history standards. So we have gotten into an attack on NESIC which is not in operation yet. We have just sent the names over to the President, and they are watching that. The Goals Panel decided at its last meeting to really take a look at NESIC and decide whether or not we really wanted to give them the certification authority and even to go forward with it at all. So I will tell you that is under consideration now, and I and others are really taking a look at it and seeing if it is the way to go.

SUPPORT FOR GOALS PANEL VS. NESIC

So we are not all that disturbed about NESIC because we really are talking with Members of the House and the Senate to try to decide what is the best way to go in that direction. That is an honest answer to that situation, and I do think the Goals Panel is absolutely needed and serves a very important purpose. NESIC is still in question as to where it is going to end up, in my judgment.

Mr. BONILLA. Thank you, Governor.

I know my time is up so I am just going to conclude by making my point. My point of asking these questions on Goals 2000 was to point out that perhaps there is not a lot of difference between block grants and Goals 2000 if you kind of get to the bottom line. And that is the point I was trying to make.

Thank you.

BLOCK GRANTS—POSITIVE ATTRIBUTES

Secretary RILEY. And I think you made the point very well. If the definition of a block grant is a program like Goals 2000 then normally I think it makes very good sense. Goals 2000 has broad but carefully defined goals that defines what the States' funds would be used for. The States would use their own assessments, their own plan, every State would be different. But it does have accountability in that the State has its own assessment, its own testing, and

you can see from the testing over the years whether or not it is working.

And so it is broad goals with accountability. If you have those in place, in many, many cases, I think it is worthy to look at a block grant as an approach. But just sending a check down in my judgment is not good public policy.

Mr. BONILLA. Thank you, Secretary.

Mr. PORTER. Thank you, Mr. Bonilla. I also thank you for your kind comments.

Mr. Stokes.

Mr. STOKES. Thank you, Mr. Chairman. Mr. Secretary, it is a pleasure to welcome you back before our Subcommittee again. It's nice to see you.

Mr. Secretary, let me first commend you on your excellent opening statement, and also the other remarks you have made here today particularly relative to the rescission.

TITLE I AND EDUCATION FOR THE HOMELESS RESCISSIONS

I would like to first zero in on two of the programs within the \$1.7 billion cut, and to have you explain, both to the Subcommittee and to the rest of America, what a \$105 million cut means to the Chapter 1 program, and what a \$29 million cut means in the education for the homeless programs. If we could start with those two programs, and have you outline the impact of those types of cuts, I would appreciate it.

Secretary RILEY. Well, Congressman, of course the Chapter 1, Title I program, as you are well aware, is a program which focuses on disadvantaged young people, and it is a program that we think over the years has been adjusted and I think improved and honed. I do think that it very clearly has served a very useful purpose.

It is our estimate that over 100,000 students would be cut out of the program with this particular cut.

And plus it would deplete the general resources for disadvantaged kids and their education. And for the homeless, you can certainly see the same type of thing. This is not in my judgment the time to be lowering the commitment to education for poor children and children of homeless people.

I mean, I just think that is a terrible message in addition to the impact of this on the children that are affected.

It is in my judgment, the wrong way to go.

TRIO PROGRAMS RESCISSION

Mr. STOKES. Let's move to the next category—young people who need higher education support from their government. Let's talk about the TRIO program a little bit. This Committee has rescinded \$11 million in TRIO funds. Has TRIO worked? What does it do? How does it help us to increase our competitiveness in the world market?

Secretary RILEY. TRIO programs, Congressman, are programs that we strongly support, things like Upward Bound, as you know, and programs, again, that deal with disadvantaged young people, to help them get ready for college, to help them stay in college when they get there. And it is a very important priority for us.

And again, this is a time when all young people need to be thinking about higher education. I mentioned something about that in my statement, about a young girl who had no hope for ever having a chance to go to college. And this was an eighth grade student, and if eighth graders are losing hope about going to college and all they are hearing is that what you earn is dependent on what you learn, the higher you go in college is going to depend on how successful you are in life—that message is out there.

And I think it is, again, the wrong message to then tell poor young people, who the TRIO program serves, that we are cutting back on our priority for that purpose.

IMPACT OF TRIO RESCISSION

Mr. STOKES. Can you, Mr. Secretary, give us the specific implications of an \$11 million cut in the TRIO program?

Secretary RILEY. Well, it would reduce counseling and other support services, according to our numbers, of some 2,885 disadvantaged students.

Mr. STOKES. These are children who are basically the most disadvantaged in our society, are they not?

Secretary RILEY. The most disadvantaged, absolutely. And that number is probably very conservative. It would be at least that many. And they are, as you point out, the poor children, poor young people who are trying to improve themselves, trying to go to college and get a higher education.

SKILL GRANTS AND PELL GRANTS PROPOSAL

Mr. STOKES. Mr. Secretary, let me ask you this. According to the congressional justifications, the current Pell Grant program would be split into two parts: Skill grants for nondegree students and Pell grants for degree seeking students.

What is the rationale for and what are the merits of that split?

Secretary RILEY. Well, the rationale is this. Of course we would like to see Pell grants increased and according to the 1996 budget, as you know, we call for that, for an increase. We think the Pell Grant is kind of the lifeblood for poor, near poor, even lower middle-income people to have the opportunity to go to college. Pell is really more for the poor, but the loan programs, of course, combined with that, really enable an awful lot of the young people to go to college that couldn't otherwise go, I mean a large percentage.

The thinking then for the training programs is that the skill grants would apply to nondegree programs. The concept is that we have proposed to look at ways to give a person who is trying to improve their skills, to move up in the job ladder, or who is unemployed, who has been—who has lost their job and so forth, to give those people opportunities to go to programs and fit into slots that are funded in various institutions, the community college or whatever.

This shifts to them then, instead of getting a Pell Grant to pay for that slot, the money goes to them in the form of a skill grant, or an opportunity to use that money in the way they want to use it for training. It gives them counseling, they go theoretically into a one-stop location, and they are advised and counseled and tested if need be or whatever, in the real world.

And then they take that money, which is the same amount as a Pell grant, and can use that grant in a community college or wherever they choose to use it. That is an empowerment of the individual down there who is trying to obtain training to improve themselves in their careers.

We think it is a very good concept, and a lot of discussion is taking place about it. But that is kind of the concept in general.

STATUS OF HIGHER EDUCATION OCR REVIEW—OHIO

Mr. STOKES. Mr. Secretary, last year during our hearing, I asked you about the progress of OCR's review of the issue regarding Central State University in Ohio. I understand now that of the seven States that are involved in higher education desegregation activity with the OCR, Ohio is the only one of those States that has not entered into a plan of corrective action to bring the State's historically black college into the State system of higher education as an equal partner.

This of course puts Ohio in the company of the State of Mississippi as a State that appears uncooperative in terms of equal treatment of historically black colleges. What has occurred over the past year since we last talked about this matter?

Secretary RILEY. Well, in fact I had a meeting this week with all of our civil rights people to look at that issue and others. We started an investigation last year, according to my notes. My people indicate that a more positive, cooperative relationship is developing. So the information I get from my civil rights people is that that seems to be an improving relationship, and we hope that we will have some cooperative benefit from it, and I would hope that is moving in that direction.

Mr. STOKES. In light of the timelag that has occurred in this matter and the concerns that have been expressed to me, what I would appreciate, Mr. Secretary, is if you could arrange for your people to come over and give me a specific briefing regarding this matter. This is an issue of great concern, and I think the time aspect here has just gone on and on and on.

Could we have that done?

Secretary RILEY. Absolutely. My Assistant Secretary for Civil Rights is here, and he will certainly see that you are visited very soon. And we will give you all that information.

Mr. STOKES. Thank you very much, Mr. Secretary.

Thank you, Mr. Chairman.

Mr. PORTER. Thank you, Mr. Stokes.

Mr. Hoyer.

Mr. HOYER. Thank you very much.

Mr. Secretary, it looks like we started off together and we will end together. I apologize for the fact that I had to leave.

BALANCING THE FEDERAL BUDGET

Mr. Secretary, I am not going to reiterate the questions that were asked with reference to some of the cuts that have been proposed. As I was walking out, I heard the Chairman talk about the need to balance our budget and bring spending within constraints.

I was one of the Democrats, the only Democrat on this panel, I think, who voted for the balanced budget amendment. I believe

that we need to balance the budget. I think we need to make choices. And I believe that the American public is going to see what choices are really being made, as opposed to all the rhetoric about balancing budgets and decreasing deficits.

In that context, I think it is, as I have said in the last few years, going to be important that we do things smarter. I think this administration is about that business. I am going to focus on sort of the Johnny-one-note theme I have been studying over the last few years.

I want to thank Dr. Payzant. Is that the way you pronounce it? Secretary RILEY. He says it like you do.

Mr. HOYER. Well, Mr. Secretary, we will try to get it right.

Secretary RILEY. I thought you were southern.

EARLY CHILDHOOD FAMILY CENTERS

Mr. HOYER. In any event, I appreciated your letter regarding coordinated services. You referred at Georgetown, as I have said, to the Early Childhood Family Center. I think that concept is right on target. Frankly, as I told Dr. Payzant before the hearing started, I believe that concept has been energized by the new Republican leadership in the House.

I am not sure they share that view and I am not sure they are prepared to put the resources towards the effort. But let me say that I believe we are in real trouble in America. Great empires fail because they start allocating resources to frivolous things and forget the important things. They did that in Rome and they did that in every other great empire that fell.

In point of fact, my own view is we don't need a tax cut in America. We need to apply the resources that we have both to reducing the deficit so our economy can grow and be unfettered by the national government sucking resources out of capital markets, and to investments. I said that at the beginning of the hearing. I think our programs are investments. But we are going to have to invest our dollars smarter.

The early childhood family centers, as I conceive them, are centers at elementary schools throughout the country. The reason I pick elementary schools, as you know, Mr. Secretary, is they exist in every community. And the centers will provide services for education, for pre-K, for health service, for social services, and for job services for families.

INTERAGENCY COORDINATION—EARLY CHILDHOOD SERVICES

We allocated \$500,000 for you and the Secretary of Health and the Secretary of Labor, who impact all those services, to look at that. First of all, I am very pleased, of course, that you and the Secretary of Labor are looking at School-to-Work and other programs of that nature.

REPORT ON EARLY CHILDHOOD SERVICES

The report language had asked you to report your findings to all relevant committees by February 8th, 1995. I don't think that is what we have gotten. As I understand, none of the \$500,000 has been expended, and I look forward to discussing that. So we are

really looking at another six months to a year in terms of getting that study.

BLOCK GRANT CONCEPT VS. CATEGORICAL PROGRAMS

Mr. Secretary, this is the point I want you to comment on. As we talk about block grants, which I support, and which I think you support in many ways. And I think we are moving that way. Goals 2000 is essentially, as you pointed out in your statement, a reasonable block grant.

I think we have got too many categorical programs. I think we have fettered too much the LEAs in America, local education agencies. I think we need to unfetter them and unfetter States.

In the process, we need to ensure that the money we invest is paying off. Any smart investor does that. Can you comment on your thoughts about the block grant energy that has been created by the Gingrich Speakership and the Republican victory, as it relates to what you are doing and as it relates to the creation of early childhood family centers through the coordination of the Health and Human Services Labor Department?

Secretary RILEY. Well, of course, that whole concept is a very interesting cooperative concept, and it is very important, I think, for those of us who are analyzing the Federal structure to make every effort to see that we cross agency lines where that makes good sense and have the kind of cooperative working attitudes that this kind of program calls for.

As you know, we have had a very close working relationship with Labor and with HHS. That is not as difficult, Congressman, at the top as it goes on down. And when you get down to the State level, the local level, that kind of cooperation needs to be moved down to these levels, and we are working very hard at that.

Our people, I think, especially in the School-to-Work and other areas like Head Start, are working together to try to see that people all the way up and down the process understand how important it is for us to cooperate and work together, for the good of the customer or the citizen rather than the system.

That is what you are talking about. I think we need to look then at doing that. As we have discussed here today, we recommended a number of terminations and consolidations and phase-outs—and we have tried to be very responsible in that regard—and then the new programs that we have developed and that you all have passed really have been, as I said, kind of a responsible block grant concept, like Goals 2000 and School-to-Work.

School-to-Work will phase on out. It is probably just going to be in process, over four or five or six years, and then it will phase on out.

ACCOUNTABILITY/COOPERATION NEEDED WITH BLOCK GRANTS

Goals 2000 is really Federal resources going to these broad goals, but you do have accountability. And I think that is an important feature, that if you have a block grant where there is no accountability, and we have tried that in this country with revenue sharing and other things over the years, as I said before, if a check goes down only, then the experience has not been good across the board.

You will have some States who will do a very fine job and others will go off in another direction, and others have pressure on them for different reasons and so forth. If you have something that the Members of Congress and the President pass and think is a national purpose that needs to be dealt with—just like “A Nation At-Risk.” When you are talking about education, that is a national purpose—it can be responded to in a Goals 2000 way by saying this is the purpose, here are the broad goals. To get these funds, you have to use your method to reach these goals, it goes down to the school district, you get your action plan, the school gets its action plan, but there is testing, testing to your standards, and that is the accountability.

If you have funds that go down without accountability, in my judgment that is where you lose it. You end up then having somebody buying a tank off in some town with revenue sharing funds or whatever. So I think that is an important measure of it. And for a program of this kind, which would involve three agencies, that is very healthy and it is very good, but we need to make sure that it is moved all the way down through the system, that same kind of cooperative attitude. And we need to have the kind of monitoring or information coming back to make sure it is working in the proper way.

And that kind of block grant to me oftentimes makes good sense.

TITLE I AND HEAD START SERVICES—ACCOUNTABILITY

Mr. HOYER. Mr. Secretary, as you know, one of my concepts is combining the resources of Chapter 1 and Head Start. I know that Chapter 1 deals with education programs, and a relatively smaller percentage of other child related health and social services. That is very controversial. The social services people have great suspicion and hostility towards the educators. The educators are very jealous of their prerogatives and ownership of school facilities.

I understand at the local level it is very difficult. But the fact of the matter is we are investing a lot of money, and you talk about accountability, I have mentioned this to Secretary Shalala. I am not aware that we have never canceled a Head Start grantee in America, since 1964, never, not one. I guarantee you, as I sit here, there are many Head Start grantees who are not performing the service which we expect and do not warrant the investment that we give.

Chapter 1 is not far behind that. I don't know whether you know off the top of your head whether a Chapter 1—because they are in the school systems—has ever been canceled.

Mr. SMITH. We have recovered funds from audits. But I don't know of any that have been canceled.

[Additional information follows:]

Subsequent to the hearing, the Department of Health and Human Services informed the Committee that 7 Head Start grants had been terminated.

ACCOUNTABILITY IN FEDERAL PROGRAMS

Mr. HOYER. I will suggest to you, Mr. Secretary, auditing and collecting funds doesn't send nearly as loud a message. The argument is if we cancel, children get hurt. So we sustain a program

where children and parents believe they are getting something, they find out they are not, and they are very angry at government.

In my opinion, this election of 1994 was not, contrary to what I am sure some of my colleagues think, pro-contract. It was not pro-Republican. It was very definitely anti-Democrat, who they perceived to be in charge in Washington. And they are mad at Washington because they don't think Washington demands accountability, they don't think Washington, and at the State level, they don't think Annapolis, spends their money effectively or wisely, and they don't think they are getting a return on their money. We need to start telling people at the local level, yes, you have the flexibility, but this is what we expect you to produce and if you don't do it, we are going to ask somebody else to do it.

That is what this whole thing of privatization of schools in Baltimore, and the Republicans talk about it, rightly so, Mr. Chairman, in terms of if the public can't do it, somebody has got to do it. We have to educate our children if society is going to flourish in the future. I ended up giving a speech. Sally has heard this 50 times, I suppose.

I am energized by the Republican victory because I think, frankly, there is a greater thrust for where I think we need to go. Even though I won't agree, and I don't think the Chairman agrees, for instance, with some of my colleagues on the committee who want to cut resources. We need to double resources, not cut them. We are not investing enough in America's future. We need to do more.

But we need to do it a lot smarter than we are doing it. And I look forward to pursuing this with you.

STUDY OF EARLY CHILDHOOD SERVICES COORDINATION

Dr. Payzant and I have talked about the coordination study. We will meet with the new person who has been hired on to coordinate this study. And I want to talk to Chairman Porter about it, because Chairman Porter is going to be a critical element in this. Obviously I can't do it, I am in the minority right now. But I think it is an idea that Chairman Porter and others on his side of the aisle can get a handle on and we can do something really revolutionary and very positive for America.

Thank you, Mr. Chairman, for giving me that time.

Secretary RILEY. I thank you. Let me say this, I am so proud of my Assistant Secretaries, at least the two of whom are here, Under Secretary, Deputy Secretary, and the fine career staff that we have. I am really very, very proud that we have them.

Mr. HOYER. Secretary Christensen has done a very good job.

Secretary RILEY. She has, I absolutely agree with that. But Dr. Payzant was clearly among the top one or two outstanding superintendents in this country, and I think everybody would recognize that. He was superintendent in San Diego for 10 or 11 years.

Mr. HOYER. We have an opening in Prince George's County.

Secretary RILEY. You keep your hands off of him.

SHIFTING EDUCATION FUNDS FOR WISEST INVESTMENT

Mr. PORTER. Mr. Hoyer, I was going to give you all the time you wanted, because I think the message you are sending to the Sec-

retary is one I certainly want to send also, and that is that there are some serious problems that really have to be addressed.

I don't know about doubling the budget until we at least get the budget into balance. But I think as a priority we ought to be moving funds from places where it isn't well spent elsewhere in government to where it would be much better spent on making the investment in education.

Mr. HOYER. Mr. Chairman, you make a critical point. What he said is he doesn't know about doubling the budget until we spend it right. He is right. The American public aren't going to support additional resources of investment unless they think it is being spent right.

Mr. Chairman, you stated it accurately.

TITLE I AND HEAD START

Mr. PORTER. We attempted in the Chairman's mark to send a message on Head Start, because we agree very strongly with you that without making some kind of cut in that program, we will see ongoing misspending of the money. Unfortunately what ended up happening is that we put the money back into Head Start and took it out of Chapter 1, and we took it out of the portion of Chapter 1, of course, that is not grandfathered, and it is targeted.

So we ended up spending Chapter 1 money in the old way, sending it to schools like some of my schools who really don't need it instead of putting it in schools that really do need it, and we ended up cutting from the part that did go, in the way it is targeted, that I very much agree with.

GOALS 2000 STATE GRANTS

If I could end up, Mr. Secretary, and look, again, at Goals 2000 State grants. Fiscal 1994 was \$87 million. Fiscal 1995 adopted was \$372 million. What we ended up with after the rescission was \$230 million. Now, that is an increase of 150 percent over the previous fiscal year.

I don't believe that indicates hostility to the program at all. But I would say to the Secretary that if he can suggest cuts in other lower priority programs of \$142 million, we would certainly be happy to look at moving the money around in a way that he thinks is of higher priority.

TARGETING FUNDS—SAFE AND DRUG-FREE SCHOOLS

I would then also want to say that I think the Secretary—maybe I should ask it as a question. Do you think the Federal Government is primarily responsible for safety and drug problems in our Nation's schools? I think you would answer no, that is a responsibility of the local school board, and not the primary responsibility of the Federal Government.

If it is, should we be taking money that we don't have and putting it into a program to transfer it to the local schools? I think the answer is perhaps we have to rethink this and find a way to get our budget into balance and then put the resources where they must be needed.

But I think schools, local schools have that primary responsibility. All this is adding more money. And the difficulty with the program is it is adding money all over the country, not where the problems principally are. I realize the politics of it, but I think it is bad government, very frankly.

EDUCATION INFRASTRUCTURE—RESCISSION AND PROPOSAL

Now, I want to ask one final question, if I may. In the rescission, we rescinded \$100 million for funding for Education Infrastructure. In your justification, you state, and I quote, "The construction and renovation of school facilities has traditionally been the responsibility of State and local governments, financed primarily by local taxpayers; we are opposed to the creation of a new Federal grant program for school construction.

"The Administration will again propose legislation to assist LEAs with school construction by expanding the authority of College Construction Loan Insurance Association to make loans to LEAs, thus increasing LEAs' access to private capital. This proposal would provide the most cost-effective construction assistance to the largest number of LEAs."

Now we understand the Administration is proposing a budget amendment to provide \$35 million for this activity for fiscal year 1995 and \$35 million more for fiscal year 1996. And very frankly, I think you were right in your first paragraph. This is not the responsibility of the Federal Government. If we took it on as our responsibility, we better have \$112 billion more to spend, because that is the estimated cost of doing this.

And I would simply say to you, if this is a high priority, please suggest where we get the \$70 million from to fund this new program that the Federal Government, I believe, should not be undertaking. If the Secretary would want to submit that to us for the record, we would be happy to see where we can get the money to fund a program that I think we shouldn't fund at all.

Secretary RILEY. All right, sir. I thank you. The GAO came out with a very significant report recently when that issue was up, and when we are looking at options, we try to get the program more targeted into the empowerment zones. So I think in that sense it is an improvement.

But I appreciate that, and we will take a look at it and be back with you.

[The information follows:]

OFFSETS FOR EDUCATION INFRASTRUCTURE INCREASE

On February 22, 1995 the Administration submitted to Congress a budget amendment that included proposed offsets for the requested increases for Education Infrastructure. The change in the fiscal year 1995 rescission proposal for Education Infrastructure, which resulted in an increase in budget authority for 1995 of \$35 million, was offset by a revised supplemental request for the Employment and Training Administration account under the Department of Labor. This revised request reflects additional savings of \$36.7 million in budget authority for State Unemployment Insurance and Employment Service Operations. The fiscal year 1996 increase of \$35 million for Education Infrastructure was offset by a reduction of \$35 million in the Clean Coal Technology account of the Department of Energy.

CAUTION EXPRESSED ON GRANT BLOCK APPROACH

Mr. PORTER. I would add something philosophically that I am not sure my colleague on my right agrees with, but I believe that we have to be awfully careful about block granting everything. And not from losing control so much as raising the taxes at one level of government and having it spent at another.

That is irresponsible government in my judgment, especially when the level that is providing the funds is not raising the taxes to pay for it, it is simply adding to the deficit. I think we have to be very, very careful of transfers from one level of government to the other when the problems really ought to be addressed and funded at the local level or at the State level.

Mr. HOYER. Will my Chairman to my left yield?

Mr. PORTER. I yield to the gentleman.

Mr. HOYER. It is tough having a Chairman to your left.

I understand what the Chairman is saying and I basically agree with his concept. However, the problem, Mr. Chairman, I think, is that we got carried away with categorical grants, and the paternity or maternity of those categorical grants, that is to say their sponsorship in the Congress, they are Hoyer's program or Porter's program.

I will tell you, as somebody who lives with an education lobbyist—she is not a lobbyist, but she deals every day with Federal, State and local requirements of how to educate three-, four-, five-year-olds. Her job is to integrate them in the first or second grade, and she has a complexity of requirements that don't focus on the three-year-old or the four-year-old or the five-year-old. Instead, they focus on what you are talking about, dotting the I's, cross the T's, do you do it this way, do you do it that way? I am not so interested in how Judy Hoyer does it. I am very interested in the result.

And whether it is in Dr. Payzant's former school district, or Sally, I am not sure where you live, but your school, or yours in Illinois or mine in Maryland, what I am really interested in, and that is why I like what the Secretary is referring to as the responsible block grant, in other words, this is what we want to accomplish as a Nation. We want to have a four-year-old, five-year-old ready to go to first grade. That is our requirement.

TITLE I AND HEADSTART

And in Chapter 1, we want disadvantaged children to catch up. I think that the pull-out program, as you know, Mr. Chairman, is a total, absolute failure. That is, as far as taking a child out of class. And I am in 100 percent agreement with your statement that the \$105 million was a wrong thing to take out. If you were going to take it out, it should have been from the old program, not the new one. Congress wants to hold on. That is just our inclination.

I did agree with keeping Head Start at this level because even though I am frustrated about Head Start, as you know, I don't believe that my frustration should be manifested by a cut in resources where we are only serving 60, 65 percent of the kids maximum. That is my point.

INTERNATIONAL COMPETITION—EDUCATIONAL ACHIEVEMENT

I think you and I would have agreement if we spent some time talking about how we do this. We do not want to send the money willy-nilly to the States without expecting the return on our national investment. But as you know, Germany, Japan, France, other nations with whom we compete, have national educational programs. They make sure that every one of their children, from wherever they live in their nation, are up to speed and will be world competitors.

We need to do the same, because that is——

Mr. PORTER. If the gentleman will yield, they also have centralized governments that we don't have. We have a Federal system.

Mr. HOYER. I think we need to recognize what our competitors are doing.

CLOSING REMARKS

Mr. PORTER. Mr. Secretary, we very much appreciate your coming to testify this morning. I think we spent probably three-quarters of our time on last year's budget and one-quarter of the time on next year's budget. But——

Mr. HOYER. We spent 100 percent of our time on the future.

Mr. PORTER. We did. Thank you, Mr. Secretary.

[The following questions were submitted to be answered for the Record:]

SCHOOL-TO-WORK FUNDS—RESOURCE FOR REFORM OF EDUCATIONAL SYSTEMS

Mr. Porter. Mr. Secretary, as a Governor and expert in State and local financial activities, I know you were often frustrated by Federal programs that began new activities, created activist constituencies and produced the expectation of continued high levels of activity in the particular area even though Federal funding ceased.

Under the School-to-Work program, you indicate that while "...systems are intended to become permanently institutionalized...the School-to-Work Opportunities Act will not be a permanent source of Federal funding. Rather, the funds are seed money to build the systems...."

Given the fiscal difficulties all levels of government face, is this program strategy an appropriate Federal activity?

Secretary Riley. School-to-Work, like Goals 2000, is intended to provide venture capital to be used for reform of existing educational systems—not to set up parallel systems that will increase State and local costs. I believe this is a highly appropriate use of Federal funding. States and localities are often hard pressed to keep up the level of funding they need just to maintain the every day expenses of running school systems. It is very hard for them to find money on the margin that can be used for the kind of careful and comprehensive planning necessary for fundamental, lasting reform. School-to-Work provides those resources.

We have always been clear with States and localities that School-to-Work funds will not be available indefinitely. Other sources of Federal funding for implementation of programs will continue to be available. For example, while School-to-Work provides venture capital for the reform and institutionalization of State and local systems, the Perkins Act, which we will soon be submitting to the Congress for reauthorization, will continue to provide Federal assistance to help States with long-term implementation of those systems.

Mr. Porter. Should the Federal Government be in the business of creating vocal constituencies for funds that State and local officials have allocated to other equally appropriate needs such as police, fire, health care, roads and infrastructure, etc.?

Secretary Riley. Clearly not, but, in any event, we are not doing that with the School-to-Work initiative. This initiative provides venture capital to help States and localities reform their educational systems so that their young people will have the skills and education to make a smooth transition from school to a first job in a meaningful career or to further education and training. Once the systems have been reformed in this way, there will no longer be a need for the initiative.

Mr. Porter. As a Governor, would you have appreciated the creation of such a demand that forced a distortion of the priorities that you felt were most important?

Secretary Riley. No, but I certainly wish I had had access to the kind of support States can now receive from School-to-Work and Goals 2000—Federal support for educational reform priorities that are set by the States themselves.

PELL GRANT MAXIMUM AWARD

Mr. Porter. Mr. Secretary, the budget requests two increases in Pell Grants for degree-seeking students. The first proposal would increase the maximum grant from \$2,340 to \$2,500 by applying \$372 million in carryover from 1995. The second proposal which the budget suggests is contingent on enactment of the G.I. Bill legislation, asks for an additional \$384 million to increase the maximum grant to \$2,620. I think I understand this proposal, but I want to clarify for the record that the Department is requesting the additional increment of funding only in the event that the GI Bill legislation is enacted. In other words, if the legislation is not enacted, the Department is requesting to increase the maximum award only to \$2,500. Is that correct?

Secretary Riley. Yes, if the Administration's GI Bill for America's Workers is not enacted, the Administration is requesting that the maximum Pell Grant for 1996-97 be set at \$2,500, an increase of \$160 over the 1995 level. Generally, when the President proposes significant legislative changes for a program, the base budget request reflects funding for the program at the current services level. However, because funding for Pell Grants is one of the Administration's highest priorities, we also requested an increase in the base request instead of the current services level.

FTE SUPPORTING THE DIRECT STUDENT LOAN PROGRAM

Mr. Porter. Mr. Secretary, the 1996 Budget Justification shows an increase of 206 FTE from 140 to 346 required to administer the Direct Student Loan Program in 1995. In addition, FTEs will increase by 150 from 346 to 496 in 1996. According to the Budget, the increase for 1996 will be accomplished by shifting FTE within the Department.

However, I understand that roughly 440 Department employees are opting for early retirement under the Department's incentive plan this year. Is the Department achieving the increase of 206 FTE in the Direct Loan program this year by shifting personnel within the Department, and if not, why is the Department offering expensive buyouts to employees rather than transferring them to the Direct Loan program?

Secretary Riley. I should first clarify that the 346 FTE planned for FY 1995 support both Direct Loan administration and activities related to the phase-out of the Federal Family Education Loan program. Of this total, 140 FTE have been reassigned from other duties within the Department. In addition, increases in Direct Loan and FFEL transition staff in subsequent years will be accomplished almost exclusively by reallocating existing resources from elsewhere in the Department.

The decision to offer buyouts is not directly related to these increases in Direct Loan and FFEL transition staff, and was necessary for a number of reasons. Even as the

Direct Loan program expands, the Department's overall FTE ceiling will drop by 52 in 1996, and further decreases are expected over the years that follow. In managing this reduction, the Department has offered buyouts to higher graded employees, managers, and supervisors to both reduce FTE levels and related costs, and to facilitate the development and implementation of a comprehensive, coherent streamlining plan. As a result of the targeted nature of these buyouts, most eligible employees either lack the requisite skills to effectively contribute to Direct Loan and transition activities or are at too high a grade level to be easily accommodated into the program's administrative structure.

Mr. Porter. Mr. Secretary, as we both know, the Opportunities Committee is considering a plan to cap the Direct Loan program at the current level of 40 percent of total loan volume. If that provision is enacted, would the Department need additional FTE for the Direct Loan program in 1996, 1997, 1998 and 1999, and if so, why?

Secretary Riley. We would not need additional FTE for Direct Loan administration and FFEL transition if Direct Loans were capped at 40 percent of new loan volume. By FY 1999, however, combined staffing levels for Direct Loans and FFEL would be 77 FTE higher under such a cap than in our current request because we would not be able to implement plans to reduce FFEL staffing levels by 251 FTE over the next four years. One of the advantages of the President's proposal to fully replace FFEL with Direct Loans is that this approach would eliminate inefficiencies and duplication inherent in simultaneously running two separate loan programs.

SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS AND PELL GRANTS-- PROGRAM SIMILARITIES AND DIFFERENCES

Mr. Porter. Mr. Secretary, the SEOG and Pell Grant programs serve the same student populations subject to the same eligibility criteria. The only major difference in the program is that schools can determine within a prescribed range how much SEOG funding each individual student may receive, while the Pell amount for each student is set by statute.

Given the similarities in the programs, why do we need to maintain separate programs with separate administrative structures?

Secretary Riley. SEOG recipients are a distinct subgroup of the Pell Grant recipient population and the program plays an important role in achieving our objectives of access and choice. Compared to the Pell Grant program, the SEOG program is relatively small. Only about 5 percent of all students enrolled in postsecondary education receive SEOG funds, and it serves a comparatively small targeted population of slightly less than one million students attending 4,200 institutions.

We should maintain the SEOG program because it is a vital source of assistance for needy students attending 4-year colleges and universities. Almost half of the

students with family incomes under \$30,000 who attend private colleges and universities currently receive SEOG funding, in addition to almost one-fourth of such students at 4-year public institutions. In fact, at private colleges and universities, one out of every four dependent students currently receives SEOG funds.

Elimination of the SEOG program would do little to change the current administrative structure for the delivery of student aid, since the other two campus-based programs also use this same administrative structure. This campus-based funding structure should be viewed as an asset rather than a liability. The campus-based programs provide institutions with flexibility in developing financial aid packages that best meet the needs of their students. This flexibility provides college aid administrators with an alternative to the Pell Grant program's rigid, one-size-fits-all award rules. Instead of relying solely on rules and regulations coming out of Washington, the campus-based programs provide those who are closest to the students more latitude in meeting their students' needs.

SEOG AND PELL GRANTS—IMPACT OF COMBINING THESE PROGRAMS

Mr. Porter. Shouldn't we combine these two programs, or eliminate SEOG and put all of the funding into Pell?

Secretary Riley. I don't believe the SEOG program should be eliminated or consolidated with the Pell Grant program. If you were to eliminate it or combine it with the Pell Grant program, the first thing that would happen is that you would lose the institutional matching funds, which are currently about \$155 million. That money would simply no longer be there for needy students.

Second, you would provide a nominal increase in the Pell Grant program by taking significant amounts of money away from students with considerable need at our 4-year colleges. Putting the SEOG funds into the Pell Grant program would spread the aid funds out more thinly and more widely than if they were distributed through the SEOG program. The needy students currently receiving SEOG awards would lose an average of \$745, while the average Pell Grant award for all recipients would only increase by about \$100. Current SEOG recipients would lose out. Pell Grant recipients would increase by about 90,000, but these new recipients would be the least needy students receiving the minimum award.

DIRECT LOANS—TRANSITION IMPLEMENTATION PLAN

Mr. Porter. Mr. Secretary, the GAO has monitored the student lending programs since 1992. It released a February report which states the following, "The Department, in implementing direct lending, has not developed appropriate plans such as a comprehensive strategic mission or business plan, and a transition plan for [Direct Loans] ... without a viable strategy to guide the Department during the rapid increase in schools, the increases in loan origination and servicing, and the transition of schools leaving [the Family Loan Program], the Department risks not achieving its [Direct Loan]

mission and objectives efficiently and effectively. History has shown that the Department has experienced problems in operating its student loan programs, and it needs to continue to develop and formalize planning strategies and procedures to ensure that [the Direct Loan Program] does not meet the same fate."

Does the Department have strategic, business and transition plans for the Direct Loan Program, and if not, are you developing them, and what are your general comments on the GAO report?

Secretary Riley. We are pleased to provide you with the plans that have been developed and used in the implementation of the Direct Loan program. These plans were developed by the various organizational units responsible within the Office of Postsecondary Education for implementing the program. The implementation of the program, using these plans as a basis, has been guided by the Direct Loan Task Force. This group has done an outstanding job in overseeing and coordinating the implementation of the program from the outset. This statement is supported by the fact that the GAO, in its February, 1995 report, did not identify any significant problems in the implementation effort to date. We agree that planning strategies are important in the operation of the student aid programs. While we may not label such plans as "strategic plans or business plans," we are continuing to work on improving the planning process.

DIRECT LOAN PROGRAM: IMPLEMENTATION SUMMARY OPERATING PLAN--1995-96, AND FIVE-YEAR PLAN FOR PROGRAM SYSTEMS SERVICE

As an illustration, the attached is a summary operating plan for the implementation of the Direct Loan Program over the coming year. This plan is made up of a selection of the more significant action items contained in the operating plans of the various units that are a part of the team implementing the Direct Loan Program. Additionally, we have attached the Department's Five-Year Plan for Program Systems Service. We also have more detailed supporting plans for each of the offices represented in the summary operating plan.

It should be noted that operating plans generally reflect the steps that need to be taken at the beginning of the implementation process. As the program is implemented, and as situations change, plans are modified as required. We believe that we have established a planning process that carefully identifies the actions necessary to implement the Program and that is sufficiently flexible to take changing situations into account. This process includes procedures that closely monitor program implementation activities. The process also reflects the fact that the Direct Loan Program has been identified as a strategic priority in the Department and that top management is monitoring its progress.

**Organizational Abbreviations used in the Direct Loan Program
Implementation Schedule**

PEACE	Program Systems Service
PTAS	Policy, Training and Analysis Service
DLTF	Direct Loan Task Force
SPS	Strategic Planning Staff
AMS	Account Manager Staff
IPOS	Institutional Participation and Oversight Service

DIRECT LOAN PROGRAM**IMPLEMENTATION SCHEDULE 1995/96**ACTIVITY
RESPONSIBLE

STATUS AREA

<u>January 1995</u> Distribute software to Direct Loan schools (years 1 & 2) Review EDEExpress product for year two schools and initiate necessary changes	Completed Jan. 95 Completed Jan. 95	PEACE PEACE
<u>February 1995</u> Finalize updating of the training plans for year two schools Conduct year two school training Conduct second Direct Loan video conference Begin evaluation of proposals for the system support and loan origination contracts Finalize meeting dates for negotiated rulemaking on Borrower Defenses/Contact Comm members/Register notice Begin developing central data base for exchanging data with multiple loan servicers	Completed Jan. 95 Ongoing Completed Feb. 95 Began Feb. 95 Completed Feb 95 T/O awarded Feb. 95	PEACE PTAS/DLTF PEACE PEACE PTAS PEACE

<u>April 1995</u> Complete the interim account manager system and begin operation Complete mailing of Direct Loan Successful Practices to year 2 schools Conduct first borrower defenses rulemaking session Mail entrance/exit counseling materials to year 2 schools		AMS SPS/DLTF PTAS PTAS/DLTF/PEACE
<u>May 1995</u> Announce second group of year three schools Complete plans for the "Delivery system of the Future" Begin evaluation of servicing contracts Complete training of account managers Begin account manager involvement with the schools Direct Loan poster to schools Video conference on inst'l responsibilities/gatekeeping Second meeting on rulemaking- borrower defenses		DLTF PEACE PEACE AMS AMS DLTF/SPS IPOS/PTAS PTAS

<u>June 1995</u> Complete system testing for year 2 schools Complete work on tech amendments package Announce award - Direct Loan Origination subsystem Publish Bluebook Final meeting of borrower defenses rulemaking committee Announce (publish) interest rate change		PEACE SPS/PTAS/DLTF PEACE/DLTF PTAS PTAS PTAS
<u>July 1995</u> Conduct video conference on EDEExpress for custom systems Conduct user group meetings for year two schools Complete training of year 2 schools Account manager support system operational		PEACE/DLTF DLTF/PEACE/PTAS PTAS PTAS
<u>August 1995</u> Publish NPRM for Borrower Defenses Review and status report of the Consolidation program Initiate high school guidance program Finalize training plans for coming year		PTAS SPS PEACE/PTAS DLTF/PTAS

<u>October 1995</u> Announce servicing contract awards Begin year 3 training - to run through April 1996		PEACE DLTF/PTAS
<u>November 1995</u> Publish final rule on Borrower Defenses		PTAS
<u>December 1995</u> Announce final year three schools Finalize account manager plan for second year of operation		DLTF AMS
<u>January 1996</u> Conduct kickoff conference for year three schools Complete start up activities for loan origination contract Distribute software to Direct Loan schools (years 1,2 &3) Review EDEExpress product for 1996/97 award year Initiate account manager activities for year three schools Publish year 4 application		DLTF PEACE PEACE PEACE AMS PTAS/DLTF
<u>February 1996</u> Begin year one and two training updates		PTAS

<u>April 1996</u>		
Complete development of central data base for exchanging data with multiple loan servicers		PEACE
Complete start up activities for loan servicers		PEACE

List of Acronyms used in the Five-Year Plan for the Program Systems Service

AFMS - Accounting and Financial Management Service
 CDSI - Computer Data Systems Inc. (the current Direct Loan contractor)
 CFO - Chief Financial Officer
 CICS - a character-based system used for controlling interactive access to data
 COTR - Contracting Officer's Technical Representative
 CPS - Central Processing System
 CRS - Central Registry System
 ED CAPS - The team designated by the Department for improving its central financial and accounting systems
 FAFSA - Free Application for Federal Student Aid
 FFEL - Federal Family Education Loan (also called GSL or Guaranteed Student Loan)
 FISAP - Fiscal Operations Report and Application to Participate
 GUI - Graphical User Interface
 IDMS - the non-relational database management system used on the FFEL system
 IRS - Internal Revenue Service
 ISAMS - Integrated Student Aid Management System
 IVRS - Interactive Voice Response System
 NSLDS - National Student Loan Data System
 PEPS - Postsecondary Education Participants System
 PEACE - Program Systems Service
 RDBMS - Relational Database Management System
 RFP - Request for Proposals
 SEOG - Supplemental Education Opportunity Grant
 SPRE - State Postsecondary Review Entities

**Five-Year Plan for the
Program Systems Service**

A. Federal Direct Student Loan Systems Division

1. **OBJECTIVE:** Obtain contractor support for originating Direct Loans and reconciling origination with schools

Action Steps	Planned Completion Dates
Issue RFP	December 1994
Evaluate proposals and award contracts	June 1995
Complete start-up activities	January 1996

2. **OBJECTIVE:** Obtain support for maintaining centralized control over Direct Loan data

Action Steps	Planned Completion Dates
Award a task order to CDSI to act as a central repository of data for February 1995 direct loans and for exchanging data with multiple loan services	
Convert Direct Loan database to IBM hardware and RDBMS	February 1996
Complete all actions necessary for CDSI to act as the Direct Loan Central Database	April 1996

3. **OBJECTIVE:** Obtain multiple services to service Direct Loans

Action Steps	Planned Completion Dates
Issue RFP	March 1995
Evaluate proposals and award contracts	October 1995
Assign on-site monitors and COTRs	November 1995
Assign test teams to each contractor	November 1995
Complete start-up activities	April 1996

B. Application and Pell Processing Division

1. **OBJECTIVE:** Attain operational readiness for each academic year

Action Steps	Planned Completion Dates
Submit FAFSA into clearance with OMB	April of each year
Determine requirements for annual processing system	June of each year
Submit promissory note into clearance with OMB	August of each year
Send renewal applications to students	November of each year
Complete development and testing	January of each year

2. **OBJECTIVE:** Obtain network support for the Title IV delivery system

Action Steps	Planned Completion Dates
Award contract	March 1995
Convert current system	September 1995

3. **OBJECTIVE:** Obtain application data entry support for the Title IV Central Processing System

Action Steps	Planned Completion Dates
Issue RFPs	January 1995
Award contracts	July 1995
Complete start-up activities	January 1996
Issue RFP	December 1999
Evaluate and award contracts	July 2000
Complete start-up	January 2001

4. **OBJECTIVE:** Obtain system support for processing applications

Action Steps	Planned Completion Dates
Issue RFP	December 1994
Evaluate proposals and award contract	July 1995
Complete start-up activities	January 1996
Issue RFP	December 1999
Evaluate proposals and award contract	July 2000
Complete start-up activities	January 2001

5. **OBJECTIVE:** Obtain system support for Pell Grant processing

Action Steps	Planned Completion Dates
Issue RFP	April 1996
Evaluate proposals and award contract	December 1996
Complete start-up activities	July 1997

6. **OBJECTIVE:** Develop Integrated Student Aid Management Systems (ISAMS)

Action Steps	Planned Completion Dates
Determine a phased approach for implementing ISAMS modules	July 1995
Implement first phase of ISAMS	January 1996
Implement Phase 2 of ISAMS	January 1997
Implement Phase 3 of ISAMS	January 1998

7. **OBJECTIVE:** Communicate electronically with schools.

Action Steps	Planned Completion Dates
Provide all Central Processing System and Pell output to schools electronically	July 1996
Provide the capability for students to submit original applications from any PC	July 1996
Eliminate paper Student Aid Report and have schools provide correction data electronically	January 1998

8. **OBJECTIVE:** Convert the CPS System to a relational database management system (RDBMS)

Action Steps	Planned Completion Dates
Require new contractor to propose a RDBMS	March 1995
Convert to winning contractor's proposed RDBMS	January 1997

9. **OBJECTIVE:** Provide EDEExpress Windows

Action Steps	Planned Completion Dates
Complete development of Windows-based product	March 1995
Beta test software	September 1995
Implement full-scale use	January 1996

10. **OBJECTIVE:** Image all student applications and store on CD-ROM

Action Steps	Planned Completion Dates
Obtain contractor support for development of imaging system	July 1995
Implement the managing system for all 1996/1997 applications and beyond	January 1996

11. **OBJECTIVE:** Implement a system containing sources for financial aid, including private, Federal and State sources for access by the public

Action Steps	Planned Completion Dates
Complete feasibility study	May 1995
Complete database design under current CPS contract	May 1995
Develop software, create data base and distribute	June 1996

12. **OBJECTIVE:** Redesign the Pell system

Action Steps	Planned Completion Dates
Complete requirements analysis through basic ordering agreement	February 1996
Award contract for development of new system	December 1996
Implement new system	July 1997

C.Postsecondary Education Participants Systems Division

1. **OBJECTIVE:** Develop and implement all phases of the Postsecondary Education Participants System (PEPS).

Action Steps	Planned Completion Dates
Populate and implement the PEPS security system	February 1995
Implement the Institutional Participation Division (IPD) module	March 1995
Implement the Institutional Review Branch (IRB) module	May 1995
Develop/implement Audit Review Branch (ARB) module	December 1995
Develop/implement Default Management Services (DMS) module	October 1996
Develop/implement Guarantee Lender & Over-Sight (GLOS) module	October 1996
Develop and implement all remaining PEPS modules (SPREs, Accreditation, Program Funding, Guarantee Agency Review, Closed Schools, Compliance and Enforcement, etc.)	March 1997
Develop and implement Title IV Interface with all PEACE systems	June 1997

2. **OBJECTIVE:** Incorporate the Department-wide Central Registry System (CRS) into PEPS

Action Steps	Planned Completion Dates
Conduct a review of CRS user requirements with ED CAPS	December 1995
Modify PEPS to incorporate new requirements	February 1996

3. **OBJECTIVE:** Process applications from schools to participate in the Title IV Programs electronically

Action Steps	Planned Completion Dates
Implement electronic application processing in PEPS	June 1995
Determine software modifications needed to electronic application processing due to regulatory changes	April 1996
Revise software and implement changes	June 1996

D. National Student Loan Data Systems Division

1. **OBJECTIVE:** Implement Phase II of NSLDS (i.e., Student Status Confirmation Reporting, Pre-Claims Assistance and Supplemental Pre-Claims Assistance notification support, and borrower tracking)

Action Steps	Planned Completion Dates
Complete prototyping	February 1995
Award Phase II implementation task to contractor	March 1995
Generate and test software and implement system	August 1995

2. **OBJECTIVE:** Implement Phase III of NSLDS (i.e., Financial Aid Transcript and credit reform support)

Action Steps	Planned Completion Dates
Award Phase III implementation task to contractor	February
Generate software, test, and implement	August 1995

3. **OBJECTIVE:** Recomplete the NSLDS contract

Action Steps	Planned Completion Dates
Issue RFP	July 1996
Award Contract	April 1997
Convert system to new contractor	September 1997

4. **OBJECTIVE:** Implement client server technology to support ad hoc queries on NSLDS

Action Steps	Planned Completion Dates
Perform cost/benefit analysis and develop preliminary cost estimate	June 1995
If outcome of cost/benefit is positive, obtain funding	October 1995
Implement fully	September 1996

E. Federal Family Education Loans Systems Division

1. **OBJECTIVE:** Implement electronic transmission of FFEL data

Action Steps	Planned Completion Dates
Establish electronic interface with IRS for support of Income Contingent Repayment Program	May 1995
Implement electronic transmission of data with external parties such as lenders and Department of Justice	June 1995
Implement Electronic transmission of accounting data between contractor sites, AFMS and ED Finance	September 1995
Implement electronic signature options for FFEL data and forms	March 1996

2. **OBJECTIVE:** Enhance the Interactive Voice Response System (IVRS) for Debt Debt Collection.

Action Steps	Planned Completion Dates
Restructure main menu to reduce time to complete transactions	June 1995
Implement capability to take messages for regional call-backs	June 1995
Implement capability to capture daily call volumes	June 1995

3. **OBJECTIVE:** Implement imaging technology

Action Steps	Planned Completion Dates
Implement imaging of defaulted loan portfolios	March 1995
Establish interface with Direct Loan imaging system	June 1995
Implement imaging for Guarantee Agency and Interest Payments documents	February 1996

4. **OBJECTIVE:** Improve Debt Collection opportunities by enhancing the Debt Collection System

Action Steps	Planned Completion Dates
Implement administrative wage garnishment	October 1995
Provide a fully automated system to process rehabilitation and consolidation loans	September 1995
Implement change to the system in order to comply with the IRS discloser requirements	March 1995
Provide state of the art PC equipment to Debt Collection regional personnel	February 1996
Implement major information sharing with other government agencies (e.g., borrower address information, obtaining collectability information from IRS on defaulted loans)	September 1996
Analyze options for redesigning Debt Collection System for accommodating large volumes of loans due to phase out of FFEL Program	September 1996
Incorporate Pell and SEOG overpayment into Debt Collection system	September 1995

5. **OBJECTIVE:** Right-size the FFEL System

Action Steps	Planned Completion Dates
Restructure or convert IDMS database to make more relational	June 1997
Research replacing CICS with GUI point and click technology	June 1997
Research migrating a portion of the GSL system to a client server (contingent on funding)	September 1995
If research outcomes are positive, purchase all necessary software and equipment	November 1995
Convert software used to process selected software to client server (contingent on obtaining resources, both personnel and funding)	May 1996

6. **OBJECTIVE:** Develop and implement subsidiary ledgers as required by CFO
Act and GAO

Action Steps	Planned Completion Dates
Implement subsidiary ledgers for Debt Collection	May 1995
Implement subsidiary ledgers for the remainder of FFEL	September 1996

F. Campus-Base Programs Systems Division

1. **OBJECT:** Obtain support for development and maintenance of the Campus
Based System

Action Steps	Planned Completion Dates
Issued RFP	March 1995
Evaluate and award contract	July 1995
Complete all start-up activities	October 1995

2. **OBJECTIVE:** Obtain data from schools about their administration of the Campus-Based Programs and determine awards for Campus Based funding

Action Steps	Planned Completion Dates
Distribute the Fiscal Operations Report and Application to Participate (FISAP)	August of each year
Receive schools submissions of FISAP	October of each year
Edit FISAPs	December of each year
Receive school corrections	February of each year
Final awards made to schools	April of each year

3. **OBJECTIVE:** Develop Directory of Designated Low-Income Schools for Teacher Cancellations under the Federal Perkins Loan and National Direct Student Loan

Action Steps	Planned Completion Dates
Obtain from Chief State School Officers their list of schools that meet the criteria for low-income schools	June of each year
Review information and develop a consolidated list of low-income schools	October of each year
Print and distribute low-income school directory	October of each year

4. **OBJECTIVE:** Award scholarships to students under the National Science Scholars Program

Action Steps	Planned Completion Dates
Obtain recommendations from Chief State School Officers for scholarships	November of each year
President announces scholar recipients	January of each year
Mail award letter to schools and notification letters to scholarship recipients	September of each year

5. **OBJECTIVE:** Right-Size the Campus-Based system from a mainframe to client/server technology

Action Steps	Planned Completion Dates
Upgrade software to COBOL 85	March 1995
Migrate software to client/server	April 1995
Test and implement system in new environment	May 1995

DIRECT LOAN ADMINISTRATIVE COSTS

Mr. Porter. Mr. Secretary, the Direct Loan authorizing statute created annual entitlements for the administrative component of the program. Unlike even Medicare and Social Security for which we must appropriate administrative expenses, the Direct Loan Program allows for little oversight by the Appropriations Committee. We have attempted to deal with that to some extent in our recent rescission bill. Do you believe that student loans ought to be treated differently than Social Security or Medicare with regard to administrative expenses, and if so, why?

Secretary Riley. The mandatory account for the administrative funding for the Direct Loan program, which also provides funds for the orderly transition from the FFEL program, is unique. However, I believe that the differing treatment is justified for several reasons:

- The certainty of the funding in advance ensures that millions of college students will be able to get their loans--which our laws deem entitlements--on a timely basis without waiting to see if Congress completes an appropriation or a continuing resolution. Private servicing contractors can continue to provide services and collecting loans throughout the school year, rather than cease operations while awaiting funding decisions.
- The certainty of funding also allows the Government to step in quickly, if necessary, if a large guaranty agency goes belly up during transition. Because guaranty agencies will be losing revenue from new loans and collections on old loans as Direct Loans takes a bigger share of the new loan portfolio, many are likely to go out of business. The mandatory funds will give the Department the flexibility to act quickly to avoid the kind of stock market drop that occurred in 1991 when the Higher Education Assistance Foundation experienced severe cash shortages before going out of business.
- The FFEL program also has mandatory administrative funding, but it is built into the subsidy given to banks and guaranty agencies. As a result, the Federal Government gives out a fixed percentage for most administrative expenses regardless of what a competitive market environment would charge. Because mandatory Direct Loan administrative funds allow the Department to compete its large servicing contracts in an open market, the servicing costs are cheaper than they would be under FFEL.
- If Direct Loan and Transition administrative costs were now treated as discretionary spending, it would have to compete with other discretionary priorities. If, as a result, inadequate administrative funds were available, the Government would lose the billions of dollars saved by Direct Loans.

DIRECT LOAN PUBLIC AWARENESS ACTIVITIES

Mr. Porter. Mr. Secretary, I understand that the allocation for administering the Direct Loan program has been used to conduct public relations and advertising activities as well as to conduct polling which we assume will be used to justify the Direct Loan program before Congress and the public. Are these activities taking place, and if so, how are they justified and how much has been spent on them?

Secretary Riley. The small amount of advertising or polling undertaken by the Department in relation to Direct Loans has directly supported the implementation of the program. None of these activities have been promotional in nature. Since last May, for example, we have used paid announcements to publicize deadlines for applying to enter the program, list schools selected to participate in Direct Loans, and announce regional meetings to exchange information on Direct Loan issues with the financial aid community. These announcements have been placed in the *Chronicle of Higher Education* and other specialized publications read by college presidents and financial aid administrators.

To date, we have spent \$45,301 on these announcements. We will continue to use this approach as necessary to publicize future application deadlines, and paid announcements will also be used to publicize the availability of Direct Consolidation Loans.

We contacted approximately 50 non-Direct Loan schools last year to find out their questions and concerns prior to developing informational materials on the program. Other than this one-time activity, which again involved program implementation rather than promotion, no polling has been conducted in relation to the Direct Loan program, and none is planned for the future.

DIRECT LOANS AND FEDERAL FAMILY EDUCATION LOANS—COST COMPARISON

Mr. Porter. Finally, Mr. Secretary, with regard to Direct Loans, one of the primary justifications you have offered for the transition from Federal Family Education Loans is cost savings. You know I have been very interested in this matter for several years. Unfortunately, making comparisons between the old program and the new program is very difficult because the Department uses different accounting systems to monitor the programs.

I understand that one of the differences is that under the Direct Loan program, defaulted loans are considered to be "uncollected revenue" rather than "outlays." As such, these defaulted Direct Loans are carried on the Government's books as assets. Is this the case, and if it is, could you explain this system further and tell us how these "assets" are valued?

Secretary Riley. For the purposes of Department cost estimates, a defaulted loan under Direct Loans is assumed to cost at least as much as a default under

FFEL. That said, however, the method of accounting for those costs does vary between the two programs. Under Direct Loans, the Federal Government acts as lender rather than guarantor. As a result, for accounting purposes the Government--like all lenders--considers outstanding loans to be assets, and defaulted loans to be nonperforming assets. As noted above, however, this accounting treatment does not affect program cost or savings estimates, or cost comparisons between Direct Loans and FFEL.

SCIENCE AND MATHEMATICS--INTERNATIONAL ACHIEVEMENT COMPARISONS

Mr. Porter. How well are we doing in educating the Nation's children; more specifically, where do our students rank in science and mathematics as compared with our global market competitors?

Secretary Riley. On average, American students do not do as well students in other industrialized nations. This judgment is based on comparisons of the performance of students in the 4th, 8th, and 12th grades in science and mathematics over the 20 years up to 1991. There is one exception to this general finding: American 4th grade students do better than the students in some, but not all, industrial countries. [*Learning Mathematics and Learning Science*, International Assessment of Educational Progress, Educational Testing Service, February 1992.]

In the latest international mathematics comparison completed four years ago, 8th grade students from some States, for example, Iowa, North Dakota, and Minnesota, performed as well as 8th grade students in Taiwan and South Korea. However, as mentioned above, the average performance of students from the entire country was below that of students from industrialized nations in Asia and Europe. [IAEP/NAEP Cross-linking Study, Educational Testing Service, 1993.]

In 1995, new data useful for international comparisons are being collected through the Third International Mathematics and Science Study (TIMSS). The results of TIMSS will be reported in late 1996.

In reading, the picture is different. In our most recent international reading study, carried out in 1991, American students in 4th and 9th grades performed as well as, or better than, students in all but one (Finland) of the other industrialized countries in the study. [*How in the World Do Students Read?: IEA Study of Reading Literacy*, Warwick Elley, Hamburg, Germany, July 1992.]

FUNDING FOR TEACHING AND PROFESSIONAL DEVELOPMENT

Mr. Porter. Mr. Secretary, can you provide, for the record, the dollar amount and percentage of total funding that: supports direct teaching in the classroom (excluding demonstrations); supports direct teaching in the classroom as part of demonstration or research programs; and supports the training of classroom teachers, for the following programs:

	<u>FY 1995 Enacted</u> <u>(\$ in millions)</u>
School-to-Work Opportunities Grants	\$115.6
Safe and Drug-Free Schools	481.9
Education for Homeless Children and Youth	28.8
Literacy Training for Homeless Adults	9.5
Javits Gifted and Talented	4.5
Star Schools	30.0
Education Technology	40.0

School-to-Work Opportunities State Grants

Secretary Riley. The purpose of School-to-Work Opportunities Grants is to assist States in planning and developing State systems to provide school-to-work programs. While it is likely that a portion of available funds is being used to support direct classroom teaching--most likely for training classroom teachers for such a new system--we have no data from the States on which to base any estimates.

Safe and Drug-Free Schools and Communities

The Safe and Drug-Free Schools and Communities State Grant program provides funding to Governors, State educational agencies (SEAs), and local educational agencies (LEAs) for drug and violence prevention programs. Under the State Grant program, which is funded at \$456.9 million in 1995, 20 percent of each State's grant will be allocated to the Governor and 80 percent will be allocated to the SEA. Governors funds primarily will support prevention programs by community-based and nonprofit organizations. SEAs must allocate at least 91 percent of their funds to their LEAs.

Data we have collected suggest that LEAs use the majority of their funds for curriculum development or acquisition, teacher/staff training, student instruction, and student assistance programs--most of which support direct teaching in the classroom. However, the Department does not have specific data on the dollars spent for each of these types of activities.

National programs (project grant funds) also support classroom teaching and teacher training. However, for the most part, the Department does not track these

funds by those categories. Among other things, the FY 1995 appropriation would support: \$4.7 million in continuation awards for school personnel training grants (these projects provide training for teachers as well as counselors and other school personnel); \$2 million for continuation awards for Federal Activities grants for projects to intervene with and prevent the use of alcohol or tobacco by youth in kindergarten through 12th grade; \$8 million for continuation awards for Emergency Grants that support comprehensive, community-wide drug and alcohol abuse education and prevention programs that involve school personnel; \$1 million for materials development and dissemination; and, \$4 million to develop a new Alternative to Expulsion/Suspension Program that includes identification of models and the provision of technical assistance to SEAs and LEAs on meeting the requirements of the Gun-Free Schools Act. This Act requires that LEAs expel for a period of one year students who have been found to have brought a weapon to school.

Education for Homeless Children and Youth

The Education for Homeless Children and Youth program is primarily an educational access program. By law, services provided these funds can not replace the regular academic program and must be designed to expand upon or improve services provided as part of the school's regular academic program. While program funds can not support direct teaching in the classroom, consistent with the law, Federal resources help improve homeless children and youth's access to a free, appropriate public education and support services to help minimize disruptions in homeless children's education.

The law permits States to retain either 5 percent of their allocation or the amount of their 1990 allocation, whichever is greater, to operate the Office of Coordinator of Education of Homeless Children and Youth, which the McKinney Act requires States to establish. State Coordinators have successfully reduced many of the most egregious legal barriers to enrollment. If States retain the equivalent of their 1990 allocation, then \$4.9 million of the \$28.8 million appropriation would be used for these purposes.

States would subgrant to local educational agencies the remaining \$23.9 million. LEAs would use these funds to support before- and after-school tutoring, transportation, and the purchase of school supplies for homeless children and youth. Federal funds would also train educators and other school personnel on the rights and needs of homeless students and promote coordination between schools and agencies serving homeless children and youth.

Prior to reauthorization, the McKinney Act required an LEA to spend at least 35 percent of its Homeless Children and Youth funds on "related activities," including the provision of health referral services, parent education and training, and coordination activities; and not less than 50 percent on "primary activities," such as tutoring and remedial education services. The reauthorization eliminated these percentage restrictions. Assuming LEAs continue to use at least 50 percent of funds for tutoring

and similar activities, a minimum of \$12 million would support before- and after-school academic enrichment programs for homeless children and youth.

Literacy Training for Homeless Adults

In 1992, the most recent year for which these data are available, States awarded close to 84 percent of Literacy Training for Homeless Adults funds to local programs. The remaining funds covered administrative costs (13 percent) and State-level program costs (3 percent). Eighty-two percent of the funds allocated to local service providers cover program costs, including instructional staff salaries (66 percent) and instructional materials and supplies (7 percent). The remaining 18 percent of local funds cover administrative costs, including 14 percent for staff salaries.

Javits Gifted and Talented

In 1994, about \$1 million (11 percent) of the Javits Gifted and Talented funds supported direct teaching in the classroom; about \$2 million (21 percent) supported direct teaching in the classroom as part of demonstration or research programs; and about \$3 million (30 percent) supported the training of classroom teachers. About \$6 million (62 percent) of the funds were used for these three purposes. The balance of the funds was used for research, evaluation, and dissemination of materials to practitioners and parents.

Star Schools Program

In 1994, about \$13 million, (50 percent) of the Star Schools funds supported direct teaching in the classroom; about \$1.3 million (5 percent) supported direct teaching in the classroom as part of demonstration or research programs; and about \$9.1 million (35 percent) supported the training of classroom teachers. About \$23.4 million (90 percent) of the funds were used for these three purposes. The balance of these funds was used for administration and evaluation of individual projects.

Education Technology

This is a new program, and we have insufficient experience with the program to respond to the question. Initial year (1995) awards have not yet been made.

BASIS OF OUTLAY SAVINGS IN DIRECT LOANS

Mr. Miller. As mentioned in Committee hearing, I would like to see the analysis of the \$12 billion in expected savings to be achieved from Direct Loans.

Secretary Riley. The proposed \$12 billion in outlay savings over fiscal years 1995-2000 includes \$6.8 billion associated with the Student Loan Reform Act of 1993

and \$5.2 billion resulting from the President's proposal to move to full implementation of the Direct Loan program. Of the \$5.2 billion, \$4.1 billion is generated by accelerating the implementation of Direct Loans to 80 percent of new loan volume in academic year 1996-1997 and 100 percent beginning July 1, 1997, and \$1.1 billion reflects recoveries from guaranty agency reserve funds associated with the phase-out of the FFEL program.

CALCULATION OF DIRECT LOANS ADMINISTRATIVE COSTS

Mr. Miller. Further, I would like to know whether or not the administrative costs from the scoring estimates under the Credit Reform Act were excluded. Do you think perhaps the Credit Reform Act has resulted in an overstatement of savings from the Direct Loan program?

Secretary Riley. All administrative costs are included in the Department's cost estimates for the Direct Loan program. As required by the Credit Reform Act, however, most of these costs are projected on a cash basis, rather than on the net present value (NPV) basis used to project program subsidy costs. Changing the statute so that more administrative costs are estimated on an NPV basis would reduce the short-term savings resulting from the shift to Direct Loans. Regardless of how administrative costs are scored, however, under current assumptions Direct Loans will always produce substantial savings in comparison with the FFEL program.

While on this subject, I should point out that the Congressional Budget Office and the Office of Management and Budget issued a joint report to Congress in 1993 on the treatment of administrative costs under credit reform. At that time, the two agencies agreed that estimating Federal administrative costs on a cash basis offered a number of management and financial benefits and that, as a result, such costs should be excluded from the NPV calculation of subsidy costs.

DIRECT LOAN AND FFEL TRANSITION FTE

Mr. Miller. Finally, I don't believe you actually gave me a solid FTE figure for the direct student loan program. I would like to know what the expected increase in FTE's is for the program, what their average costs will be (including office and administrative) and also whether or not we should expect increases in IRS staff from their feasibility study.

Secretary Riley. As of March 5, 1995, we had 315 FTE working on Direct Loan administration and FFEL transition activities. We expect this number to increase to 346 by the end of FY 1995--reflecting 206 new hires and 140 FTE reassigned from other duties within the Department. Under the President's policy, Direct Loan and FFEL transition staff would increase to 496 in FY 1996 and 520 FTE in FY 1997 and subsequent years. Almost all of the additional FTE in those years reflect current FFEL staff who would be reassigned to Direct Loans. I should point out that, under

full implementation, Direct Loans actually requires fewer FTE to administer than the FFEL program would.

The average annual cost for each FTE is \$91,500. This figure includes salary, benefits, rent, travel, training, equipment, supplies, and other overhead expenses.

Neither the Department nor the IRS anticipates that additional staff will be required as a result of IRS participation in the Direct Loan program. At this point, the feasibility study, which is undergoing final review, does not recommend a significant expansion of IRS's current role.

FISCAL YEAR 1995 RESCISSION PROPOSALS

Mr. Stokes. Under the House rescission bill, education programs would be subjected to a \$1.7 billion cut. What is your reaction to this proposal?

Secretary Riley. I am very concerned about the proposed rescission of \$1.7 billion in 1995 education funding. Of immediate concern is the fact that many of the Department of Education programs are "forward-funded," a mechanism by which Congress makes funds for these programs available late in the fiscal year, usually on July 1, for obligation and use during the following academic year. These programs may be at greater risk because they do not obligate funds until nine months after the start of the fiscal year, and thus are available to be rescinded. It should be remembered, however, that Congress developed the forward-funding mechanism to allow for more careful and efficient planning and administration of these Federal programs at the State and local levels. As a result, while these funds may be unobligated, States and communities and postsecondary institutions have developed their budgets and administrative plans based on the assumption that Federal funds will be available. Many States, for example, have already made commitments to hire staff that will be paid for with Federal dollars. In addition, a number of these programs involve matching and coordinated funding--based on the amounts already anticipated to be received--as well as close cooperation at many levels of government for program administration. To rescind funding for such programs now would disrupt these planning and coordination efforts and increase financial burdens on States and communities.

I do understand and share the concern of Congress with getting the Federal deficit under control, and we have worked hard at the Department to do our fair share in economizing and streamlining our operations. We have looked carefully at our programs to determine which could be sustained at reduced funding levels, and which could be consolidated or terminated--without jeopardizing our important work--in order to help control the Federal budget deficit.

Last year, we proposed the elimination of 34 programs, and our 1996 budget proposes to terminate or phase out funding for 41 programs, with an attendant savings of nearly \$750 million. Our proposal to speed up the transition from Federal

Family Education Loans to Direct Loans, with Direct Loans representing 80 percent of new student loan volume in 1996-97 and 100 percent in 1997-98, not only makes for a more efficient program of student loans but would save over \$12 billion in Federal outlays by the year 2000. I believe these proposals demonstrate that we are serious not only in making our programs more responsive and effective, but in saving money as well.

IMPACT OF PROPOSED 1995 RESCISSIONS ON EDUCATIONAL OBJECTIVES

Mr. Stokes. In your professional judgement, what is the impact on the Nation's education objectives in the short-term and in the long-term?

Secretary Riley. Your question highlights the need to think long-term when it comes to education. In all of our efforts to reduce program spending, we have been careful not to lose sight of the importance of education for the Nation's future. In a very real sense, education is our future, and we must be careful that our efforts to reduce the budget deficit do not create a human deficit. We cannot have programs affecting the most vulnerable in our society, our children, bear a disproportionate burden of cuts. Cutting our investment in education now will actually increase the deficit in the future, because our citizens will be less skilled and productive, and less able to compete with better-educated workers in other countries. I am open to good, positive recommendations by committee members to avenues of real savings, but we must not fall victim to short-term thinking. We must think long-term, and invest for the long-term.

While I am emphasizing the long-term importance of continuing to invest in education, the short-term impact of the proposed rescissions should not be minimized. Faced with the demands of educating more children to even more demanding curriculum standards to meet these challenges, we are still confronted with such fundamental tasks as providing adequate teachers and classrooms. We are under enormous pressure to educate millions of additional children, a result of the largely unreported second or "echo" baby boom, as well as immigration. In the next 10 years, an additional 5.9 million children will enter classrooms all across this Nation. The need is great in terms of teaching all of our Nation's children to the new level of basics required by technology advances and international competitiveness. How we respond to this challenge, in terms of dedication, programs, and education funding, will determine the long-term prosperity and economic security of this country. The magnitude of the House-proposed rescission, to my mind, is a signal to States and school districts that they will be on their own in dealing with these challenges.

SUBCOMMITTEE PROPOSED 1995 RESCISSIONS—IMPACT ON REFORM EFFORTS

Mr. Stokes. Do you agree that the programs the Subcommittee has slated for funding cuts are the most palatable, if not, why not?

Secretary Riley. As I have indicated, we are willing to do our fair share in contributing to deficit reduction, as shown by our proposals to eliminate or consolidate nearly 70 programs and to save \$12 billion in mandatory costs by fully phasing in the Direct Loan program. We have worked hard to identify programs that are no longer needed, that duplicate other programs, or that are better carried out at the State and local levels. Our budget request includes 16 1995 program rescissions that would save \$188 million. To go beyond these cuts would undermine the bipartisan education reform strategy put in place by Congress over the past two years, and would break faith with parents, teachers, and business and community leaders across the country who are working to develop their own reform plans and who are counting on Federal dollars to help implement those plans.

IMPACT OF RESCISSIONS ON AFFECTED PROGRAMS

Mr. Stokes. Please elaborate on the impact that these reductions will have on the people served by these programs?

The programs targeted for rescission by the Subcommittee include those meeting some of the most pressing needs in our education system: Safe and Drug-Free Schools activities to prevent drug abuse and violence in our schools; Goals 2000 funding for implementation of State and local education reform plans; Tech-Prep Education to help prepare young people for the workplace; Eisenhower Professional Development support for teacher training in all the core subjects; and Educational Technology funding to hook up classrooms to the information superhighway. Cuts like these just don't make sense.

RESCISSION IMPACT ON SAFE AND DRUG-FREE SCHOOLS

For example, one of the greatest concerns of students, parents, and teachers alike is something they should be able to take for granted, but cannot: school safety. Last year, Congress responded to the growing incidence of violence in our schools--much of it involving guns--by expanding the Drug-Free Schools and Communities program to include violence prevention. This year, however, the Subcommittee is proposing to eliminate funding for the new Safe and Drug-Free Schools program.

RESCISSION IMPACT ON GOALS 2000 REFORM EFFORTS

Another area hit hard is the Goals 2000: Educate America Act. In 45 States and hundreds of communities, parents and teachers and business and community leaders are developing their own education reform plans and standards. Goals 2000 provides the funding--with no regulatory strings attached--needed to implement these reform plans, with 90 percent of the dollars flowing to local school districts. The Subcommittee would slash 1995 funding for Goals 2000 by \$174 million or 43 percent, denying reform dollars to about 4,000 schools.

RESCISSION IMPACT ON TECH-PREP EDUCATION

The Subcommittee proposal to eliminate all of the Tech-Prep funding would eliminate a key program designed to integrate academic and vocational curricula and instruction as well as link secondary and postsecondary institutions in their career preparation programs. Participation in the program has increased by over 150 percent just from 1993, to 430,000 students in 1994. Tech-prep programs are a major building block in the school-to-work systems-building effort and reaches youth that might not otherwise pursue education at the postsecondary level.

RESCISSION IMPACT ON EISENHOWER TEACHING TRAINING PROGRAMS

Good teachers are a key factor if local reform efforts are to succeed. Last year, Congress expanded the Eisenhower Professional Development program to all the core academic subjects, not just mathematics and the sciences. However, a hold-harmless provision in the authorizing statute means that the proposed \$60 million House rescission will leave only about \$10 million, spread across the 50 States, for training in subjects such as English and history.

RESCISSION IMPACT ON EDUCATIONAL TECHNOLOGY PROGRAMS

One of the most puzzling decisions by the Subcommittee is the all-out attack on technology programs for education. The new Educational Technology program would help 20 school districts bring the information superhighway to 50,000 children in low-income, high-need communities. Yet the Subcommittee, heedless of the old warning never to eat your seed corn, cut this new program by \$30 million, or 75 percent. Similarly, the House eliminated the Star Schools program, which since 1988 has provided access to quality instruction for over 10,000 schools and more than 200,000 students--many of them low-income, minority, limited English proficient, and disabled students--in remote areas.

RESCISSION IMPACT ON EDUCATION FOR THE DISADVANTAGED PROGRAMS-- TITLE I AND TRIO

The Subcommittee is sending an ominous signal to millions of disadvantaged students and the schools that serve them. The rescission bill included a \$105 million reduction in Title I Grants to Local Educational Agencies, which helps over 6 million low-achieving children in high-poverty schools meet the same challenging academic standards expected of all children. Last year's reauthorization of Title I calls for accelerated rather than remedial learning, and gives schools new flexibility to meet the needs of these students. The Subcommittee action, however, signals a retreat on Title I that would leave school districts on their own to face the challenge of educating the growing numbers of low-achieving poor students.

The Subcommittee also reduced opportunities for disadvantaged individuals at the postsecondary level when it cut \$11 million from the TRIO programs. This

rescission would result in 40 fewer Upward Bound projects, denying up to 3,000 low-income high school students and veterans the academic services needed to help them enter and complete a postsecondary education.

To provide further information on the impact that the proposed rescissions would have on education programs, I will include for the record brief summary statements on the programmatic impact on each affected program that such cuts would cause. Rescissions to education funding proposed by the Department remain those that are most "palatable," and that would have the least effect on our ability to reach the educational objectives underlying our mission.

IMPACT OF HOUSE PROPOSED RESCISSIONS

Goals 2000: A 38 percent reduction in funds for State and local educational improvement would severely curtail efforts nationwide to develop and implement comprehensive strategies for systemic education reform. An estimated 4,000 fewer schools would receive the seed money they need to implement reforms based on challenging academic standards. Moreover, the rescission would eliminate all funds for Goals 2000 National Programs; this action would end targeted support for educational reform activities in poor communities, prevent the Department from evaluating the impact of educational reforms on student achievement, and end other national leadership and technical assistance activities.

School-to-Work Opportunities: The \$25 million cut (\$12.5 million each at ED and DOL) would result in 7 fewer local partnership grants, 5 fewer grants to high-poverty communities, and 2 fewer grants for Indian Tribes and the Territories. In addition, the Department would no longer be able to provide technical assistance to States and communities, and evaluation activities would be terminated.

ESEA Title I: A \$105 million reduction for Grants to Local Educational Agencies would deprive an estimated 100,000 educationally disadvantaged children of special services designed to enable them to achieve to challenging academic standards. It would also hinder efforts underway to improve Title I programs by linking them to broader educational reforms being implemented in States and localities. Eliminating all funding for Title I Evaluations would make it impossible for the Department to measure the impact of the \$7 billion Title I program and to complete several Congressionally mandated studies.

Eisenhower Professional Development State Grants: A \$60 million reduction would severely limit State and local efforts to prepare educators to teach to high standards in the core academic subjects. In particular, because the Eisenhower statute includes a minimum funding level for mathematics and science, the rescission would leave only \$10 million, spread across all 50 States, for other subjects like English and history.

Safe and Drug-Free Schools and Communities: The rescission of all Safe and Drug-Free Schools funding would eliminate a key component of the Administration's national drug control strategy, deprive children in all school districts of instruction and other services designed to prevent drug use, and hinder school districts' efforts to create a safe school environment.

Family and Community Endeavor Schools (FACES): A rescission of all funds for FACES would prevent the Department from initiating this crime prevention program for communities with significant poverty, violent crime, and juvenile delinquency. The Department is currently working with the Department of Health and Human Services to conduct a joint competition under FACES and the Community Schools Youth Services and Supervision Grant Program for comprehensive youth development projects. Fiscal year 1995 FACES funds would support between 22 and 44 grants.

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Education for Homeless Children and Youth: The elimination of all funding would end State programs that ensure that homeless children, an extremely at-risk population, receive the education to which they are entitled and the other services that they need to succeed in school.

Bilingual Education: The House Subcommittee action would reduce funding by \$38.5 million, but it is not clear which of the Bilingual programs would be affected. If the rescission were taken from Instructional Services, it would eliminate approximately 209 local projects serving some 158,000 limited English proficient children.

Vocational Education: The rescission would terminate all funding for Tech-Prep Education, one of the most promising methods of linking academic and vocational instruction across secondary and postsecondary education and facilitating the school-to-work transition. Cutting-edge, high-quality programs in all States would be affected.

Adult Education Literacy Programs: The rescission of almost \$46 million would set back the national effort to ensure that all adults are literate and able to compete in a global economy. State and national leadership activities, as well as services to such populations as homeless and incarcerated adults, would be most affected.

State Postsecondary Review Program: The elimination of all 1995 funding would stop the program just as its most important activity—State reviews of problem schools—are about to begin. The rescission would prevent the review of about 300 institutions. Termination of the program would eliminate the only source of Federal support of state efforts to reduce abuse and protect students.

State Student Incentive Grants: The elimination of all 1995 funding would reduce aid generated by the program by almost \$127 million, while eliminating SSIG awards to some 212,000 students. The Administration has proposed a two-year phase-out to allow States time to plan for elimination of the program.

TRIO Programs: The reduction of \$11.2 million would reduce counseling and other support services to some 2,885 disadvantaged students.

Byrd Honors Scholarships: The reduction of \$9.8 million would permit 1995-96 awards to continuing students only, and deny awards to some 6,548 entering freshmen.

International education exchange: This new program would be eliminated. A competition for two awards to support international exchange activities in civics and economics education was announced on February 17th.

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Telecommunications demonstration for mathematics: This new program would be eliminated. A competition for one award was announced on February 17th for a project to train teachers in at least 15 States to prepare students to achieve State content standards in mathematics.

Javits gifted and talented students education: The proposed 48-percent cut would eliminate funds for any new awards in 1995. This would include approximately 25 grants for model programs serving gifted and talented students and technical assistance projects designed to improve gifted and talented education. The Department would be able to continue 11 ongoing projects, as well as fund a research and development center in gifted and talented education.

Star schools: The rescission would eliminate all funding for this program. The Department would be unable to support the final year of funding for 8 ongoing distance learning partnerships, whose continuation awards are scheduled for June. These projects currently serve students and teachers in schools in 25 States, the District of Columbia, Puerto Rico, and the Pacific region. The recipients of these funds, and their partners, include State educational agencies, colleges and universities, State educational television agencies, major cities, and schools serving some of the poorest and most rural areas of the Nation. In addition, the Department would not be able to make a new award, scheduled for 1995, for a distance learning project to help adults complete high school requirements.

National diffusion network: The rescission would eliminate funding for the approximately 20 new awards planned for 1995. Awards would be made to the developers of exemplary educational programs and practices to disseminate and help others adopt those programs and practices. Funds would be available for the continuation of ongoing projects.

Ready to learn television: The rescission would require a 40-percent reduction in the award the Department intends to make for the development of educational programming and related materials. This would delay the production of educational programming for preschoolers.

Education technology: The rescission would eliminate funding for National Challenge Grants. These grants, to local school districts in collaboration with various private and public sector partners, are critical to leveraging private sector involvement in the development and rapid deployment of high quality applications of technology for education. Funding for regional technical assistance providers and for national leadership activities would each be reduced by 23 percent.

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Library construction: The rescission would eliminate all but \$2.5 million in funding for this program. This is a current-funded formula grant program, and the \$2.5 million has already been awarded to eight States and the Virgin Islands. Other States will receive awards as their projects are approved.

Library research and demonstrations: The rescission would eliminate all funding for this program. However, \$5 million has already been obligated. A competition was announced on December 5th for the remaining \$1.5 million in this program, with the award scheduled for May.

TRIO PROGRAMS—INCREASING EDUCATIONAL ACCESS AND OPPORTUNITY

Mr Stokes. The fiscal year 1996 budget request places equal emphasis on sustaining services that address the non-financial barriers to college entrance, retention, and graduation. This is especially true of the TRIO programs, as well as the financial aid programs which address financial barriers to higher education. Why do you think that the types of service that TRIO programs provide are so important?

Secretary Riley. We believe that success in higher education is the result of a process that begins early in a student's education career. Efforts to reform student financial aid—if it is to reach the truly needy and encourage access and full participation in postsecondary education for all Americans—must be accompanied by early intervention designed to encourage at-risk students to stay in school and pursue academic courses that lead to postsecondary education. The request for the TRIO programs, which provide student information and support services to disadvantaged students, supports and complements the Department's student financial aid programs and helps to ensure that postsecondary education access and opportunity are available for disadvantaged students, including women and minorities. The TRIO programs help ensure that the American workforce is a true representation of the multicultural and diverse backgrounds that make up America.

TRIO PROGRAMS—INCREASING COMPETITIVENESS IN WORLD MARKET

Mr. Stokes. What is the TRIO program's role in increasing Americans' competitiveness in the world market?

Secretary Riley. As a result of current economic trends and technological advances, the American workforce of the future will need to be highly trained if this country is to enjoy continued economic growth. To be competitive in the world economy, all Americans must have the opportunity to graduate from high school and have access and opportunity to participate in a broad array of postsecondary education options. Because the TRIO programs provide services designed to specifically address these issues—increasing college entrance, retention, and graduation rates for our most disadvantaged citizens—the TRIO programs contribute directly and significantly to increasing American's competitiveness in the world market.

TRIO PROGRAMS—FY 1996 BUDGET REQUEST

Mr. Stokes. The Department's FY 1996 Budget Request freezes funding for the TRIO program at the current FY 1995 funding level. This action, in effect, forces a reduction in programmatic funding and in the number of students served, as there is no allowance for inflation. The success of the TRIO programs is well-documented. Why cut funding for this valuable program?

Secretary Riley. The Administration has not proposed to cut funding for the TRIO programs in fiscal year 1996. As you noted, however, we have not sought additional funding either. It is important to note that funding for the TRIO programs has increased 90 percent in the last five years--from \$240 million in 1990 to \$463 million in 1995.

The Department is currently conducting evaluations of the two largest programs--Upward Bound and Student Support Services--to determine program effectiveness. Based on the results of these evaluations, we may propose, in the future, the further expansion of the TRIO programs.

Meanwhile, the FY 1996 request of \$463 million reflects a continuing commitment to ensure access to postsecondary education for all Americans, including our most disadvantaged and vulnerable.

SUBCOMMITTEE PROPOSED RESCISSION OF 1995 TRIO FUNDS-- IMPACT ON TRIO PROGRAMS

Mr Stokes. Under the fiscal year 1995 rescission, \$11 million would be cut from the TRIO program. Specifically, what would be the impact on students if FY 1995 funding for these programs are rescinded?

Secretary Riley. The Administration strongly opposes such a rescission, which would result in:

- Approximately 40 fewer Upward Bound projects being supported.
- As many as 3,000 low-income, first-generation high school students being denied vital counseling and other support services that would help get them on a college-bound track.

Such a rescission would mean that equal access to and opportunities for postsecondary education are no longer ensured for these at-risk students.

PUBLIC SUPPORT FOR FEDERAL STUDENT FINANCIAL AID

Mr. Stokes. According to a recent national poll, 89 percent of the survey respondents believe that it is important for the Government to fund financial aid. Social Security was the only program considered more important than financial aid. Research has shown that student aid has remained a sound national investment increasing productivity, stimulating economic growth, and expanding the tax base. Today the Federal government provides 75 percent of grant, loan, and work assistance which enables young people from low- and moderate-income families to go to college. This is taking place against a backdrop of declining State support for student aid.

Mr. Secretary, if the Federal Government cuts back on its traditional role of providing opportunity at the postsecondary level, what would be the consequences?

Secretary Riley. I believe that the consequences for the Nation's economy are quite serious. Federal assistance for postsecondary education has fueled economic growth in our country since the end of World War II--starting with the GI Bill and later with the Higher Education Act.

I also believe that cutting student aid is very short-sighted. The investment in student financial aid has a real and tangible return to the Federal Government. For example, every dollar we invest in a young person today in financial aid returns to the Federal treasury, over a lifetime in real terms, more than \$8 in taxes paid.

"CONTRACT WITH AMERICA" PROVISION TO ELIMINATE IN-SCHOOL INTEREST SUBSIDIES

Mr. Stokes. The fiscal year 1996 President's Budget request includes a total of \$35.8 billion, or a 10 percent increase, over the comparable 1995 funding level to provide grant, loan, and work-study opportunities for over 6.6 million low- to middle-income students. When the Contract with America is superimposed on this national investment in human intellectual capital, the number of students supported plummets to 30 to 40 percent. Approximately two million fewer students would receive financial aid. Would you comment on the Administration's concerns with respect to the "Contract with America" approach to financial aid support for American students?

Secretary Riley. I wish that we knew more about the "Contract with America" approach to financial aid support for American students. The only provision of the "Contract" that anyone seems to be clear about is the elimination of in-school interest subsidies to low- and middle-income students, and it's clearly a move in the wrong direction.

The impact that this provision of the Contract would have on students throughout the Nation would be dramatic. More than 4.9 million student borrowers would be affected by the elimination of the in-school interest subsidy in the FFEL and Direct Loan programs in fiscal year 1996. Access to postsecondary education and educational opportunities for the middle class would be sacrificed to save an estimated \$13 billion over the next five years. Three-quarters of all undergraduate borrowers under the subsidized Stafford loan program are from families with incomes below \$75,000. Students from low-income families would bear the brunt of this proposal. Nearly half of all undergraduate borrowers under the subsidized Stafford loan program are from families with incomes below \$20,000.

Elimination of the interest benefits would result in a significant increase in accumulated debt by requiring interest to be capitalized during the time at which a student is in school. For example, a student that borrows the maximum amount authorized each year as an undergraduate who capitalizes the interest while in school

will leave higher education with 18 percent more debt than actually borrowed. And at today's college costs, that is a significant amount. A student who borrows \$17,125 would owe \$20,272. Their monthly payment under the traditional ten-year fixed payment plan would increase proportionately—from \$210 to \$249. For a graduate student who borrows the maximum amount each year, the result of capitalizing the interest would be a 23 percent increase in both debt (total amount borrowed—\$37,125, plus interest capitalized—\$8,518) and monthly payments (from \$455 to \$560, for a fixed-payment, ten-year amortization).

Recent studies, including a soon to be released GAO report, indicate that the amount of accumulated debt does negatively impact persistence. This suggests that a student who borrows too much—or accumulates debt in other ways—such as capitalization—may be less likely to complete a degree program. Since low-income students are less likely to persist in postsecondary education and, because the subsidized loan programs are means tested, low-income students are more likely to borrow under the subsidized loan programs. Therefore, the impact of the proposed elimination of the in-school interest subsidy on low-income borrowers would be significant.

GOALS 2000—CURRICULUM DEVELOPMENT/IMPLEMENTATION

Mr. Stokes. With respect to Goals 2000, it appears that there is some fear that the program could result in excessive Federal involvement and interference at the State and local level, particularly in the area of curriculum development and implementation. Is such fear warranted; how would you respond to this concern?

Secretary Riley. We believe such fear is unwarranted. Goals 2000 is designed to support States and localities with their own efforts to improve teaching and learning for all students. Goals 2000 provides grants to States to develop and implement a State-determined comprehensive reform plan and requires States to pass a significant portion of these funds to local school districts and schools to support them in developing and implementing local reform initiatives. These State and school district plans will be developed by broad-based State and local panels, with significant outreach to and involvement of the community in the process.

Among the reforms that each plan must include is a process for developing and adopting **State-determined** content and performance standards and assessments. Each plan must also include a process for aligning State or local curricula, instructional materials, and State assessments with those State-determined content and performance standards. In this way Goals 2000 supports State and local efforts to develop, implement, and align curricula with other aspects of the education process. Development of curricula remains strictly a State and local function.

PELL GRANTS AND SKILL GRANTS

Mr. Stokes. According to the Congressional Justification, the current Pell Grant program would be split into two parts, Skill Grants for non-degree students and Pell Grants for degree-seeking students. What is the rationale for and what are the merits for splitting the program?

Secretary Riley. The GI Bill for America's Workers is not simply a program consolidation nor a shifting of funding responsibilities between Federal agencies. It is a fundamental change in approach to see to it that individuals succeed in getting the skills they need to get better jobs.

The current Pell Grant program is an important ladder into the middle class and helps to raise the college participation rates of low-income students. However, for the one-third of the Pell Grant recipients in non-degree programs, the current program is not well-integrated with other Federal, State, and local training and job placement services. Pell Grant recipients receive little information on career options and training quality, making them easy targets for unscrupulous training providers.

The Administration's GI Bill for America's Workers would transform the current patchwork of federally funded workforce development programs into one interrelated workforce training system. The Labor Department's Skill Grant component of the GI Bill would--

- Empower individuals with the resources to choose appropriate training, along with counseling and detailed reports on training providers;
- Provide customer friendly "report cards" on eligible training providers, spelling out such things as the job placement success of graduates and their earnings in relation to the cost of the program; and
- Ensure that only institutions with good track records will survive.

VARIETY OF APPROACHES NECESSARY TO RAISE ACADEMIC ACHIEVEMENT

Mr. Stokes. Legislative action of last year resulted in the enactment of measures authorizing the establishment of Goals 2000, School-to-Work, and Charter Schools. To some extent it may appear as though these new education initiatives were supported at the expense of ongoing programs, or as though the Department was sending a message that most of the ongoing programs do not work. Would you comment on both perceptions?

Secretary Riley. While ongoing programs have served an important purpose for many of our Nation's most needy students, these programs have not resulted in significantly improving academic achievement for many low-income students. By narrowly serving separate categories of students, many programs have focused on

compliance with regulations and lost sight of the academic results that should be expected from all schools and students. Research shows that while the gap in achievement between white and minority students was halved during the 1970s and 1980s, progress has now stalled and that gap may now be widening again.

All students can and should learn to higher standards and the educational system must raise its expectations for all students. Goals 2000, School-to-Work, and Charter Schools recognize that different approaches are necessary if we are to enable all students to reach high levels of achievement and provide flexibility to States and localities in exchange for improved academic results. These new efforts are meant to complement and improve existing programs that have had some beneficial results. Note that, while adding these new initiatives, we have also sought increased funding for existing programs with good track records, such as Title I.

SCIENCE AND MATHEMATICS—INTERNATIONAL ACHIEVEMENT COMPARISONS

Mr. Stokes. How well are we doing in educating the Nation's children; more specifically, where do our students rank in science and mathematics as compared with our global market competitors?

Secretary Riley. On average, American students do not do as well students in other industrialized nations. This judgment is based on comparisons of the performance of students in the 4th, 8th, and 12th grades in science and mathematics over the 20 years up to 1991. There is one exception to this general finding: American 4th grade students do better than the students in some, but not all, industrial countries. [Learning Mathematics and Learning Science, International Assessment of Educational Progress, Educational Testing Service, February 1992.]

In the latest international mathematics comparison completed four years ago, 8th grade students from some States, for example, Iowa, North Dakota, and Minnesota, performed as well as 8th grade students in Taiwan and South Korea. However, as mentioned above, the average performance of students from the entire country was below that of students from industrialized nations in Asia and Europe. [IAEP/NAEP Cross-linking Study, Educational Testing Service, 1993.]

In 1995, new data useful for international comparisons are being collected through the Third International Mathematics and Science Study (TIMSS). The results of TIMSS will be reported in late 1996.

In reading, the picture is different. In our most recent international reading study, carried out in 1991, American students in 4th and 9th grades performed as well as, or better than, students in all but one (Finland) of the other industrialized countries in the study. [How in the World Do Students Read?: IEA Study of Reading Literacy, Warwick Ellay, Hamburg, Germany, July 1992.]

TITLE I—ROLE IN ADVANCING COMPETITIVE EDGE IN WORLD MARKET

Mr. Stokes. What is the role of Title I in helping to ensure that America retains and strengthens its competitive edge in the world market?

Secretary Riley. America's continuing prosperity and competitive advantage depend on the Nation's success in educating all of its young people, not just the elites. In the last few years, Americans have recognized that low student achievement threatens the country's economic security, and that to help maintain a vital economy, every child must have access to knowledge and skills that will help them contribute to the Nation's well-being. Even though the Nation has put a high priority on helping all children learn at high levels, we have a long way to go in narrowing the achievement gap between the educationally disadvantaged children served by Title I and other children.

Disadvantaged children, especially in high-poverty schools, are prisoners of low expectations, and they have not made the kind of progress that will help them reach world-class levels of achievement. To address these problems, the reauthorized Title I reshapes the Federal investment in the education of disadvantaged children to help ensure that those children are not left behind in the Nation's efforts to raise academic achievement. For the first time, Title I is structured to reinforce, rather than compete with, State and local reforms. Instead of focusing on remedial instruction, the program stresses learning to high standards, helping schools merge Title I programs with the regular curriculum, and fostering learning environments that will help disadvantaged children master challenging content.

The educational needs of disadvantaged children are growing. At the same time, compelling evidence shows that all children, regardless of ability or economic circumstance, can learn more than they are now learning, that virtually all children can learn at high levels, and that there is a solid foundation of knowledge on which teachers and principals can draw to make this happen in every school.

TITLE I RESCISSION—IMPACT ON ATTAINING INTERNATIONALLY COMPETITIVE STANDARDS

Mr. Stokes. How does the Title I rescission impact that objective?

Secretary Riley. Title I Grants to Local Educational Agencies provide supplemental financial assistance to almost all school districts in the country. The \$105 million rescission passed by the Subcommittee would decrease allocations to districts on the average by about 1.6 percent, which would deprive approximately 100,000 at-risk children of special services designed to help them to achieve to challenging academic standards.

Schools and districts are just beginning to implement reforms in the reauthorized program to ensure that the lowest-achieving children are not left behind in State and local efforts to help children reach internationally competitive standards. The rescission

would dilute the momentum for reforms that will integrate Title I with wider efforts to stress standards-driven curriculum and teaching.

Also, the rescission of Title I Evaluation funds would leave the Department unable to evaluate the effectiveness of the reauthorized Title I program in helping low-income, low-achieving children learn to high standards. Without these funds, the Department would be unable to provide the independent information that members of Congress, the education community, and taxpayers need to know about the educational impacts and improvements resulting from the largest Federal elementary and secondary program.

TECH-PREP, SCHOOL-TO-WORK, AND VOCATIONAL EDUCATION— PROGRAM LINKAGES AND DIFFERENCES

Mr. Stokes. Specifically, what is the difference between and the linkage between the Tech-Prep program, the School-to-Work program, and the vocational education program?

Secretary Riley. Tech-Prep, School-to-Work, and Vocational Education are components of a comprehensive workforce development program. The goal of each is to ensure that all students attain high academic skills as well as technical knowledge.

Tech-Prep, which was first authorized in the 1990 Perkins Act, provides planning and demonstration grants to consortia of LEAs and postsecondary institutions to develop and operate 4-year programs leading to a 2-year Associates degree or a 2-year certificate, and "2+2+2" programs leading to a 4-year degree. These programs also provide students preparing for technical occupations with a strong background in both academic and vocational education. Tech-Prep is linked to both School-to-Work and to vocational education: it is a major building block in States' efforts to develop school-to-work systems, and it is one of the most promising models for the delivery of high-quality vocational education. Although our proposed vocational education reauthorization would consolidate the Tech-Prep categorical program into a broader State grant, Tech-Prep programs could still be supported with funds under the Act.

School-to-Work is not a categorical program but rather a mechanism for building systems that better prepare students for the transition from school to work. School-to-Work provides States with "venture capital" for these systems, which will enable all students to identify and navigate paths to productive and rewarding careers. School-to-work systems also will provide for integration of academic and vocational instruction, articulation of secondary and postsecondary education, and inclusion of both school-based and work-based learning with full involvement of the private sector. Among the States currently receiving School-to-Work funding, there is great variation in approach and system design, with emphasis ranging from Tech-prep programs to youth apprenticeships to broad-based school reforms. School-to-work systems also reflect substantial variation in target occupational areas, levels of instruction, and State governance structures.

Vocational Education is a primary system for preparing our workforce--particularly those technical workers without a college degree--to compete in the world economy. Vocational education will be the mechanism through which we can institutionalize school-to-work systems, particularly after the School-to-Work Opportunities Act terminates in 2001. Our proposal for restructuring the Perkins Act would streamline the existing categorical program authorities and set-asides and bring vocational education more fully into the mainstream of education reform. The restructured Act would make it easier for States and localities to build effective, comprehensive school-to-work systems.

TECH-PREP EDUCATION PROGRAM-- IMPACT OF SUBCOMMITTEE 1995 RESCISSION PROPOSAL

Mr. Stokes. Under the Subcommittee rescission bill, funding for Tech-Prep and a number of adult literacy programs would be eliminated. What would be the impact of these eliminations?

Secretary Riley. The Tech-Prep Education program is now in its third year of program implementation. If Tech-Prep funds are rescinded, the 430,000 students currently enrolled in Tech-prep programs would be unable to complete the promised 4-year program cycle.

States will suffer severely from being left with inadequate time or resources to incorporate Tech-prep fully into their secondary and postsecondary systems. For example, in Illinois, at least 323 participating school districts will be adversely affected through a loss of \$4.2 million to the State; in New Jersey, 162 school districts will lose \$2.3 million; in Texas, 692 school districts will lose \$8.1 million. Southern States, which have 46 percent of the Tech-prep consortia, will be particularly hard hit.

The School-to-Work systems-building effort will be seriously affected. Tech-prep is a major building block in States' efforts to develop school-to-work systems. South Carolina, for example, is using tech-prep as the basis for developing its school-to-work system.

We believe that the Tech-prep model, and similar models of career preparation, offer the greatest promise for the delivery of high-quality vocational education. Tech-prep includes such important reforms as the integration of academic and vocational learning, and the delivery of challenging academic and occupational skills in a coherent sequence of courses, leading to high levels of student achievement. These are the models that our proposed Perkins Act revision will support and the models upon which States and communities are building comprehensive school-to-work transition systems.

To end Tech-prep funding prior to the enactment of a new Perkins Act would damage the foundations on which the restructured Perkins Act and the School-to-Work Act must build.

ADULT LITERACY PROGRAMS—IMPACT OF SUBCOMMITTEE 1995 RESCISSION PROPOSALS VERSUS ADMINISTRATION'S 1996 CONSOLIDATION PROPOSAL

The Subcommittee's rescission proposal for Adult Literacy would end direct educational services to an estimated 92,000 adults who lack the literacy skills necessary to be successful and productive members of our society. These individuals are being served with Adult Education for the Homeless, Workplace Literacy Partnerships, and Literacy Programs for Prisoners funds, all of which are proposed for rescission by the Subcommittee.

While the Administration's fiscal year 1996 budget request would end separate funding for these three programs, as well as for the State Literacy Resource Centers program, there are important reasons for not rescinding the fiscal year 1995 appropriations and for enacting our 1996 request.

First, our budget request would consolidate funds for the four grant-making programs into a larger State grant program so that, in all likelihood, an equivalent number of adults would continue to receive important literacy services. In contrast, the Subcommittee's rescission proposal would end all funding for these programs, without a plan to meet the needs of adults served by them.

Second, terminating funding in 1995 would disrupt the grant cycles for two programs. Fiscal year 1995 funds would support the final year of three-year grants for Workplace Literacy Partnership and life skills training for prisoners. A rescission would force the premature termination of these grants and would prevent the Department from identifying successful models that can be replicated nationally.

Finally, a rescission of State Literacy Resource Centers funding would end support for this program after only three years of Federal funding. Because current legislation would not permit States to continue the Centers with Adult Education State Programs funds, the Subcommittee's rescission package would terminate a Federal investment without providing any means of continuing those Centers that have proven successful. In contrast, the Administration's proposal would permit States to use Federal funds to continue the Centers, if they decide the Centers have been a wise investment.

IMPACT OF RESCINDING NATIONAL INSTITUTE FOR LITERACY FUNDING

The Subcommittee's rescission bill would also terminate the National Institute for Literacy. The Administration's fiscal year 1996 budget request proposes to continue support for the Institute through the Adult Education and Family Literacy National Programs authority. Established by Congress in 1991, the National Institute for Literacy has unique features, not found elsewhere in the Federal Government, that place it in an excellent position to identify and implement strategies for building a world-class system of adult basic education and literacy.

First, the Institute is governed by an Interagency Group, made up of the Secretaries of Education, Labor, and Health and Human Services, and a Board of ten individuals representing the literacy community. Both the Interagency Group and the Board are instrumental in developing the Institute's goals and objectives, ensuring that its activities reflect the needs and interests of the broader literacy community. Second, the Institute has a broad legislative mandate and considerable flexibility to move quickly and in a strategic fashion.

IMPACT OF RESCISSION ON NATIONAL INSTITUTE FOR LITERACY ACTIVITIES

The Institute is engaging in a variety of activities that take advantage of these unique features.

- Consistent with its legislation and in consultation with the literacy community, the Institute is developing a literacy information and communication system, called LINC'S, designed to: (1) provide people in all sectors of the literacy community with easy access to a wide array of national and international literacy data sources; and (2) link members of the literacy community electronically in ways that will help them enhance their work and better serve their clients. LINC'S does not duplicate the content or functions of existing or planned data bases or networks; rather, LINC'S' mission is to provide a mechanism for connecting all literacy data bases. LINC'S is now operating as a prototype. Its users have access to individual data bases, including the Library of Congress, the National Center on Adult Literacy, the Texas Literacy Resource Center, and the national literacy data bases of Canada and New Zealand. LINC'S also includes a directory of literacy organizations, grant announcements, and a calendar of events. A rescission would terminate funding for LINC'S at a critical stage in its development and implementation.
- The Institute has also awarded 2-year State capacity-building grants to the Governors of 14 States and is in the process of disseminating the results of these two initiatives. The goal of these projects is to improve the overall quality of literacy programs--be they funded as employment training, welfare-to-work, or education initiatives--by standardizing and simplifying performance management systems and developing interagency systems for staff development.
- In accordance with the Senate report accompanying the fiscal year 1992 appropriations bill, the Institute began funding a National Adult Literacy and Learning Disabilities Center in 1993. The Center, operated by the Academy for Educational Development in collaboration with the University of Kansas, is the only institution in the country dedicated to providing the literacy field with information and new tools and approaches to address the learning disabilities of adults. The results of the National Adult Literacy Survey (NALS) reveal how critical it is for the Nation to develop a better understanding of adult learning disabilities. The NALS found that, without exception, adults with any type of disability, difficulty, or illness were more likely than those in the total population to perform in the lowest literacy

levels. The Subcommittee-proposed rescission would terminate funding for this project at its midpoint.

RETURN ON INVESTMENT

Mr. Stokes. Within the broad array of education programs, which ones give us the biggest bang for the buck and explain why?

Secretary Riley. We have many important programs at the Department, and resources are scarce, so one of the things we have been doing as part of our budget process over the past few years is asking the same question you have raised. We have tried to request increases only where they will have the maximum impact. So that is one answer to your question: those programs for which we have requested increases in 1996 are those that we think offer the best return on the taxpayers' dollars.

If you ask me which single program offers the "biggest bang for the buck," I would have to say Goals 2000. This program reflects over a decade of rethinking of American education and how it can be improved, and the legislation reflects the strong bi-partisan consensus that has emerged in this area. Goals 2000 is one of our best investments because it is aimed at helping all students reach high academic standards, and because it offers States and school districts and schools the maximum flexibility in the use of Federal funds to reach this objective. Goals 2000 also has a tremendous impact because it helps Governors and educators develop the strategic map or planning guide for most effective use of all other resources Federal, State, and local to improve teaching and learning for all students.

Mr. Stokes. What would be the impact if the proposed rescission amount were redirected and invested in these particular programs?

Secretary Riley. As I indicated before, our budget request reflects our best judgment on how funds should be reallocated from lower priority programs to those that will do the most to increase both educational quality and opportunity. The request includes 16 program rescissions for 1995, and we have applied the savings from those rescissions to higher priority activities. The much larger 1995 rescission package proposed by this Subcommittee comes from many of these same high priority programs that we have proposed increases for in 1996, so our preference would simply be to restore funding to the levels assumed in the President's budget.

HARRIS FELLOWSHIPS AND FELLOWSHIPS IN AREAS OF NATIONAL NEED-- PROGRAM SIMILARITIES

Mr. Stokes. The Department's Budget requests no funding for the Patricia Roberts Harris Fellowship Program. However, it proposes to retain the National Need Fellowship Program. The budget document suggests that the Harris Program is duplicative of the National Need Fellowship Program. How so?

Secretary Riley. The Harris Fellowship program and the Graduate Assistance in Areas of National Need (GAANN) program are alike in many ways. Both provide need-based fellowships of approximately \$23,000 per year to graduate students. Both programs emphasize support for students from groups that are underrepresented in graduate programs. The Harris program competition gives an absolute preference to applicants who propose to support women and individuals from underrepresented groups. Under the GAANN program, applicants must set forth policies and procedures to ensure that in making fellowships, the institution will seek talented students from traditionally underrepresented backgrounds. Under both programs applications are ranked, in part, on how well they meet criteria that support the recruitment and retention of underrepresented students.

Both programs support study only in fields of high national priority selected by the Department. The fields designated for the two programs overlap particularly in the math and science academic disciplines.

Finally, doctoral students receiving Harris fellowships must plan to pursue an academic career in the academic field for which the institution received the grant. GAANN fellows must plan a career in teaching or research. Under both programs, institutions must provide doctoral students with at least one year of supervised training in instruction.

RECIPIENTS OF GRADUATE FELLOWSHIPS IN AREAS OF NATIONAL NEED

Mr. Stokes. How many minorities received national need fellowships in FY 1994? How many minorities received national need fellowships in FY 1995?

Secretary Riley. Unfortunately, data are unavailable with respect to the aggregate number of Graduate Assistance in Areas of National Need (GAANN) fellowships supporting women and/or minorities in fiscal years 1994 and 1995. The information for fiscal year 1995 will not be available until the early fall of 1996, which is when the FY 1995 grantees will submit their performance reports. Similarly, the fiscal year 1994 data will not be available until the early fall of this year when FY 1994 grantees submit their performance reports reflecting the previous year's activities.

We do, however, have examples of GAANN institutions that have demonstrated a commitment to the diversification of their GAANN fellows, as well as a commitment to the rigorous recruitment of members of traditionally underrepresented groups. The University of Maryland, College Park currently funds GAANN fellowships in its School of Engineering. It currently has 20 fellows who have enrolled since 1992. The breakdown of the GAANN fellows is as follows: five African-American females, six African-American males, five white males, one Asian-American female and three white females.

Meharry Medical College's Department of Biochemistry is another example of the diversity of the GAANN program. It has enrolled 11 GAANN fellows since 1992. There have been three white females (of which one student dropped out of the GAANN

program to pursue a different field of study and another dropped out of school entirely), one Latino male, one African-American male and six African-American females. Thus, this program currently services nine GAANN fellowship to women and/or minorities.

PELL GRANT MAXIMUM AWARD

Mr. Stokes. The Department has recommended an increase in the Pell Grant maximum from \$2,340 to \$2,620. This award level remains well below the authorized maximum of \$4,100 for FY 1995 and FY 1996. Did the Department give any consideration to increasing the maximum Pell Grant award to \$3,000, whether through program mergers or otherwise?

Secretary Riley. The Department considered funding the Pell Grant program with the maximum award set at \$3,000, but could not do so with the available resources. Funding the program at this level would require slightly over \$8.2 billion. We could not even come to close to this amount. However, we believe that the increased maximum award that we have proposed is a step in the right direction.

STUDENT LOAN DEFAULTS—IMPACT OF HIGHER PELL GRANT AWARD

Mr. Stokes. To what extent would an increase to an award amount of \$3,000 reduce student loan defaults?

Secretary Riley. We would not project any reduction to student loan defaults from an increase in the Pell Grant maximum to \$3,000. The increase of \$660 over the current Pell maximum level of \$2,340 would not be expected to affect borrowing behavior patterns of Pell recipients.

SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANT FUNDS— ALLOCATION FORMULA

Mr. Stokes. What formula is used to allocate Federal Supplemental Educational Opportunity Grants funds to eligible institutions?

Secretary Riley. Funds are allocated based on a distribution formula specified in the authorizing legislation. The legislation establishes the priorities for allocating funding as follows:

- Prior allocations. Currently 69 percent of the appropriation is distributed under this part of the formula. First priority is given to institutions that participated in the program in 1985 and these institutions receive an amount equal to the amount they received and used in that year. If the appropriation is less than the sum of the 1985 levels, the funding is distributed proportionately based on the 1985 distribution. Approximately \$401 million of the 1995 appropriation will be allocated under this priority.

- Pro-rata. Currently about 8 percent of the appropriation is distributed under this part of the formula. The law requires that 25 percent of the appropriation that remains after funds are allocated under the prior allocations priority be distributed on a pro-rata basis using the same proportions the institution received under "prior allocations." Approximately \$45.6 million of the 1995 appropriation will be allocated under this priority.
- Fair share. Currently 23 percent of the appropriation is distributed under this part of the formula. The law requires that 75 percent of the appropriation that remains after funds are allocated under the prior allocations priority be distributed on a fair share basis. Approximately \$136 million of the 1995 appropriation will be allocated under this priority.

DATABASE USED FOR SEOG ALLOCATION FORMULA

Mr. Stokes. Does that formula use current data to allocate those funds?

Secretary Riley. The "fair share" portion of the formula uses auditable, verifiable data from the most recently completed year. The Department collects data annually to determine institutional need on the institutional application for campus-based funds, commonly known as the FISAP. 1993-94 data will be used to determine the "fair share" allocations for the 1995-96 year.

Mr. Stokes. What is "conditional guaranty"?

Secretary Riley. The term "conditional guaranty" which is now referred to as "base guaranty" refers to the amount that the an institution receives based on prior allocations.

Mr. Stokes. Why should the Department allocate FY 1995 funds using data that is four and five years out of date or older?

Secretary Riley. I believe that the authorizing committees' reasoning for developing the allocation priorities for SEOG funds was to ensure that the institutions that had been receiving SEOG funds would continue to receive a minimum level of funding in the event that appropriations for the program diminished or remained at the 1985 levels. Beyond that minimum level, however, 75 percent of the funds are allocated under the "fair share" basis, which is based on the institution's additional need (as defined in the statute) for the funds relative to other institutions in the program. However, only about 53 percent of institutions' "fair share" need will be met in 1995.

TITLE VII LOAN FORGIVENESS PROGRAM

Mr. Stokes. In the 1992 Higher Education Amendments, Congress created a "forgiveness" program under Title VII (Section 783). The FY 1995 Conference Report requires the Department to draft and publish the regulations and to solicit applications--the Department and ultimately Congress can determine the number of eligible

institutions. Why hasn't the Department published such regulations? When do you plan to publish them? This inactivity not only thwarts the will of Congress, it also threatens the program, and institutions to be served by it, why the inactivity?

Secretary Riley. In response to the directive contained in the fiscal year 1995 Conference Report, the Department has looked into the legal and budgetary implications of implementing Section 783. Specifically, we have examined the terms and conditions of all Department of Education facilities loans currently outstanding and have consulted with the Office of Management and Budget on application of the Federal Credit Reform Act of 1990 to implementation of Section 783.

The Federal Credit Reform Act provides that a direct loan obligation may not be modified in a manner that increases loan costs to the Government unless budget authority is appropriated or available under existing resources. Loan forgiveness as authorized by Section 783 constitutes a loan modification that would have significant "pay-go" impact and would require appropriated budget authority. Therefore, under the terms of the Credit Reform Act, the Department cannot implement the loan forgiveness provisions of Section 783 without an appropriation for that purpose.

If the Congress appropriates funds for this purpose, the Department would implement the program. It should be noted that the statutory standard for loan forgiveness is very limited. The Secretary in his judgment must determine that "the survival of the institution is threatened"--yet the institution must not be in default on its payments.

HEADQUARTERS RENOVATION--BUDGET REQUEST FOR PROJECT COMPLETION

Mr. Stokes. According to the Congressional Justification, the FY 1996 Budget Request includes \$20 million for headquarters renovations. How is this funding justified in light of the fact that the Department proposed to rescind funds for School Infrastructure Improvement?

Secretary Riley. The budget request is for the Department's portion of the building renovation; the General Services Administration (GSA) has already budgeted for its portion totaling some \$47 million. The renovation project began in 1987 as part of the GSA regularly scheduled Capital Improvement Program. GSA periodically renovates all of its buildings to upgrade antiquated building systems such as the heating, plumbing, air conditioning, wiring, elevators, water, and other systems.

In addition to the modernization of these basic systems, the age of the building raised health and safety issues for employees. The roof was in drastic need of repair and renovation; asbestos was found throughout the pipes and tiles of the building; and the lighting systems used potentially harmful PCB's which were standard at the time of construction.

This funding request was made to complete a project that is already underway--the interior of the building has already been demolished--that is a Federal Government responsibility, and that will save money. The \$65 million rescission for the school infrastructure program was proposed because the bulk of the program funding was to be used to initiate the long term costly Federal support of an activity that has traditionally been a State and local responsibility.

HEADQUARTERS RENOVATION--DEPARTMENTAL CONSOLIDATION

Mr. Stokes. Also what is the rationale in light of the ongoing administrative downsizing and streamlining initiatives?

Secretary Riley. This renovation fits very well into the Department's streamlining and downsizing initiatives. It will allow consolidation of all of the employees who occupy Federal Office Building-10 and over 600 other employees who are currently located in commercially leased space into one Government-owned building. By using a generic office floor design, the "Universal Plan," it will also allow people to relocate based upon changing work assignments without reconfiguring the office space. Consolidating all of these employees into one location will save the Government money in rent that it currently pays to commercial vendors, and it is estimated that the savings would pay for the renovation within approximately 8 years.

WEDNESDAY, MARCH 1, 1995.

**ELEMENTARY AND SECONDARY EDUCATION
BILINGUAL EDUCATION AND MINORITY LANGUAGES
AFFAIRS**

WITNESSES

THOMAS W. PAYZANT, ASSISTANT SECRETARY FOR ELEMENTARY AND SECONDARY EDUCATION

EUGENE GARCIA, DIRECTOR, OFFICE OF BILINGUAL EDUCATION AND MINORITY LANGUAGES AFFAIRS

SALLY H. CHRISTENSEN, DEPUTY ASSISTANT SECRETARY FOR BUDGET

THOMAS M. CORWIN, DIRECTOR, ELEMENTARY, SECONDARY, AND VOCATIONAL ANALYSIS DIVISION, BUDGET SERVICE

Mr. PORTER. The subcommittee will come to order.

This afternoon we continue our hearings with the Department of Education. We will begin with elementary and secondary education, Assistant Secretary Payzant, and with bilingual education, the Director of the Office of Bilingual Education and Minority Languages Affairs, Eugene Garcia. We welcome both of you.

We didn't much get into the 1996 budget this morning. We got well into the 1995 budget again. But why don't you proceed, Dr. Payzant, in any way you wish, and then we will hear from Dr. Garcia.

OPENING STATEMENT OF DR. PAYZANT

Dr. PAYZANT. Thank you very much, Mr. Chairman and Members of the Committee. I am glad to have the opportunity to appear before you and to discuss the fiscal year 1996 budget request for elementary and secondary education programs.

I would like, with your permission, to submit my full testimony for the record, and limit my comments here to some summary remarks.

Our 1996 budget request includes funds for the Goals 2000: Educate America Act and for many of the programs included in the recently reauthorized Elementary and Secondary Education Act, which incorporates Goals 2000 principles of enabling all students to reach high academic standards and providing States, school districts, and schools with greater flexibility in return for accountability for results.

The Department's total 1996 request for elementary and secondary education programs is \$10.4 billion. That is a \$550 million in-

crease over the 1995 level. Most of the funds are targeted to four priorities, and I would like to comment briefly on them.

GOALS 2000

The first is Goals 2000, which provides funds to States and through them to local school districts and schools, to undertake their own reforms tied to rigorous State-developed or adopted academic standards.

It is a voluntary program. As the Secretary testified this morning, 44 of the 50 States have submitted first-year applications and have received funds. And three States, Oregon, Utah, and Kentucky, have already submitted their full implementation plans. Oregon has completed its peer review and has been approved, and Kentucky and Utah are undergoing peer review of those implementation plans now.

Our request is for \$750 million, an increase of \$347 million, and that will mean that about 16,000 individual schools would benefit with the 1996 appropriations at the \$750 million level. In the second and third years, 90 percent of the dollars will go down to the local school districts and schools.

TITLE I

A second priority is helping disadvantaged children learn to high standards. The focal point of this effort is the Title I program, and it is not the same old Chapter 1. It is a new Title I, included in the reauthorized ESEA, which brings a number of categorical programs together and recognizes that you really have to look at certain principles as you pull the pieces together.

The same high standards for Title I students as for all students, developing the capacity of the educators, teachers and others who will help students reach those high standards, flexibility that will enable school districts and schools to make more decisions at their level in return for the acceptance of responsibility, that is, accountability for results, results defined by young people making progress towards meeting the high standards.

Also, the recognition that there have to be linkages, linkages with parents, with others in the community, with business, to enable students to learn to the high standards.

And the final principle is that we should concentrate the dollars where the needs are greatest, and the needs are greatest where the highest concentrations of poor children are.

We are requesting total funding for Title I, which as you know includes the migrant education program and the neglected and delinquent program, of \$7.4 billion, which is an increase of \$219 million.

We are proposing that Even Start, which is authorized under Title I, be included in an adult education and family literacy program. That is why there is no requested appropriation for that program.

We are suggesting that there be more targeting of Title I dollars through the new targeted portion of the formula, and we have in our request recommended that a billion dollars flow through the

targeted grants formula, with \$701 million of that amount shifted from the less targeted basic grants formula.

EISENHOWER PROFESSIONAL DEVELOPMENT

Our third priority focuses on improving teaching and learning through the Eisenhower Professional Development State Grants program. This is the Federal Government's major vehicle for supporting training to provide educators with knowledge and skill needed to help all students reach high academic standards.

We are requesting \$735 million for this program. It is an increase of \$414.7 million. I can tell you from my experience in schools over 30 years that 80 to 85 percent of the school district budget is invested in people. And I think any businessperson or other person who has responsibility for making an organization work in reaching its goals will tell you that if its most valuable resource is the people, you have got to invest in their development and training, and this would help do that.

SAFE AND DRUG-FREE SCHOOLS AND COMMUNITIES

The fourth priority focuses on the learning environment. Students cannot learn to high standards unless they are in schools that provide environments that are conducive to learning, schools that are free of violence and drugs. So we are proposing a \$500 million appropriation for the Safe and Drug-Free Schools Program, which is an increase of \$18 million over the 1995 level.

It is a dramatically different program, as authorized under the new ESEA. Major changes include the addition of a violence prevention component, and a greater targeting of resources. The money will go out to the States based 50 percent on Title I formula and 50 percent on enrollment; 20 percent of the State money goes to the governors for distribution, 80 percent to the State educational agency, and then of the State educational agency money, they can target 30 percent of the dollars on those school districts in the State that have the greatest need—need defined by data addressing violence and drug abuse. That could go to up to 10 percent of the school districts in the States. That is the 30 percent of those dollars.

It will support a comprehensive integrated approach to drug and violence prevention coordination with other activities in the community, and it broadens the range of authorized prevention activities.

OTHER PROGRAMS

Just a few comments on other programs. The reauthorized bill consolidates a number of separate categorical technical assistance centers into 15 comprehensive centers. We are recommending \$55 million, an increase of \$10.5 million, to make sure they are implemented well. Our Charter Schools proposal is for \$20 million, up \$14 million from 1995, which would provide flexibility for assistance to charter schools, which provide public school choice.

We request level funding for the Magnet Schools Assistance program. There will be a new grant competition with the 1995 dollars, and that will result in 50 to 55 new grants being awarded.

For Education for Homeless Children and Youth, we are proposing \$30 million, an increase of \$1.2 million. Seventy-one percent of the money that goes to the States for the homeless program finds its way down to local school districts and schools. It is not intended to be a program that provides direct services for children, inasmuch as it provides access to those services, but it does provide dollars for tutoring, transportation, school supplies, and the like.

In the area of Impact Aid, we are recommending \$619 million in appropriation. There was a major restructuring of that program in the reauthorization; \$550 million of our request is in basic support payments targeted to two categories of federally connected children, firstly, those who are living on Indian lands, and secondly, children of members of the uniformed services who reside on Federal property.

Finally, we have some recommendations concerning program terminations and rescissions in line with the Administration's efforts to eliminate programs that have served their purpose, are duplicative of new or existing programs, or would be more appropriately funded by other sources. We are proposing to terminate funding for the Impact Aid payments for Federal property, Instruction in Civics, Government and the Law, the Christa McAuliffe fellowships, but we would pick up that program as part of the Eisenhower program, the Dropout Prevention, Education for Native Hawaiians, the High School Equivalency and College Assistance Migrant Programs, these are small programs that are part of the elementary and secondary effort to contribute to the overall Department goal of trying to consolidate and eliminate small programs so we can focus our priorities on the big picture.

That concludes my comments. I would be happy to take questions after Dr. Garcia has presented his opening remarks.

[The prepared statement and biography of Thomas W. Payzant follows:]

DEPARTMENT OF EDUCATION

Statement by

Thomas W. Payzant
Assistant Secretary for Elementary and Secondary Education

on

Fiscal Year 1996 Request for
Elementary and Secondary Education Programs

Mr. Chairman and Members of the Committee:

I appreciate the opportunity to appear before you to discuss the fiscal year 1996 budget request for Elementary and Secondary Education programs.

Our 1996 budget request includes funds for the Goals 2000: Educate America Act and for many of the programs contained in the recently reauthorized Elementary and Secondary Education Act (ESEA), which incorporates the Goals 2000 principles of enabling all students to reach high academic standards and providing States, localities, and schools with greater flexibility in exchange for accountability for results.

The Department's total 1996 request for elementary and secondary education programs is approximately \$10.4 billion, a \$550 million increase over the 1995 level. Most of the funds are targeted to four priorities: \$750 million would help States and localities advance their own efforts to reform teaching and learning under Goals 2000; \$7 billion for Title I would help disadvantaged children learn the core academics and achieve to high, State-developed standards; \$735 million would upgrade the qualifications of teachers in all the core academic subjects; and \$500 million would help make schools free of drugs and violence. I will briefly discuss the highlights of this request.

GOALS 2000: EDUCATE AMERICA ACT

Goals 2000 is helping to move the Nation toward an education system based on high academic standards for all students -- a system that will provide both equity and excellence for students in all our schools. Funds provided through Goals 2000 enable each State to undertake its own reforms tied to its own rigorous academic standards. Educators, parents, and others in local schools work together to determine the steps necessary for the school to take in order for students to reach these standards.

No State or locality is required to participate or to adopt national standards in order to receive funds under this or any other Department program. Yet, as of today, 46 States have elected to participate and 3 of those States have moved to the second stage -- submission of a comprehensive statewide reform plan for national peer review.

Our request for \$750 million in 1996, an increase of \$347 million, comes at a time when most States and communities will become ready to institute widespread, often costly, reforms. States are using 1994 funds to develop their reform plans and to support local reform initiatives. Most will begin actual implementation of those plans with funds appropriated in 1995 and 1996. With the level of funding that we are requesting, as many as 16,000 individual schools will be actively participating in Goals 2000 in 1996.

HELPING DISADVANTAGED CHILDREN LEARN TO HIGH STANDARDS

Title I, formerly Chapter 1, provides supplemental education for more than 6.4 million children in almost all school districts in the country. Over the last two decades, Title I programs have improved basic reading and math skills of the lowest achieving children, but they have not succeeded in helping narrow the achievement gap between high-poverty and low-poverty schools. The recent reauthorization gives Title I the purpose of helping low-achieving children, especially in high-poverty schools, learn to the same challenging State standards as other children, and ensuring that disadvantaged children are not left behind in the Nation's effort to raise the achievement of all children. Similar objectives apply to Title I programs serving children of migrant workers and students in State institutions for neglected and delinquent children.

We are requesting \$7.4 billion for all Title I programs, a \$219 million increase from the 1995 level, to integrate Title I with wider State and local education reforms and establish State standards and assessments that will be used by all participating schools and districts to measure their progress. Most of the request, a total of \$7 billion, is for the Grants to Local Educational Agencies program. With these funds, schools in virtually all 15,000 districts in the country will be able to plan and implement reforms that merge Title I programs with the regular school curriculum while promoting strategies to educate the lowest-achieving children more effectively.

The request would direct a larger share of Title I resources toward the poorest districts and schools that have the highest concentrations of children from low-income families and need the most help to create a productive learning environment. Towards this end, the Administration's request would allocate \$1 billion through the new Targeted Grants formula, with \$701 million of this amount shifted from the less-targeted Basic Grants formula.

The request also includes increases for the reauthorized Title I Migrant and Neglected and Delinquent programs to ensure that the hard-to-serve migratory children and institutionalized youth benefit from improvements stressing high standards under Title I and in education generally.

IMPROVING TEACHING AND LEARNING

Ensuring that the educators are capable of preparing their students to learn to high standards is one of the critical components of reforming the education system. Clearly, educators will need training and retraining if they are to raise the level of teaching and

learning in America's classrooms. The Eisenhower Professional Development State Grants program is the Federal Government's major vehicle for supporting that training.

We are requesting \$735 million for this program, which replaced and expanded the Eisenhower Mathematics and Science State Grants program. The Eisenhower program supports sustained and intensive high-quality professional development in the core academic subjects within the context of State and local systemic reform efforts. The 1996 request, a \$414.7 million increase over the current level of funding, would make a significant contribution to increasing the number of well-prepared teachers. To finance a portion of this increase, the Department is proposing to eliminate funding for Innovative Education Program Strategies, the successor to Chapter 2. A recent evaluation of the Chapter 2 program showed that funds contributed very little to real education reform. These resources would be much better used under the Eisenhower program to focus on improved teaching.

FOSTERING SAFE AND DRUG-FREE SCHOOLS AND COMMUNITIES

Ensuring that all American schools are free of drugs and violence is a key National Education Goal, particularly since a safe, drug-free, and orderly learning environment is a prerequisite to achieving the other Goals. To help schools create such an environment, the Department is requesting \$500 million for Safe and Drug-Free Schools programs, an increase of \$18 million over the 1995 level. These funds will support a comprehensive, integrated approach to drug and violence prevention.

OTHER PROGRAMS

The Improving America's Schools Act provided for the consolidation of 48 categorical technical assistance centers into a network of 15 regional centers that will offer easily accessible, comprehensive assistance for improving ESEA programs. Unlike the services offered by the program-specific centers, the new centers will provide assistance that cuts across programs and addresses the needs of entire schools and districts in a holistic fashion. The 1996 request includes \$55 million for the Comprehensive Regional Assistance Centers, a \$10.5 million increase, to ensure a smooth and complete transition from the old to the new centers.

The Administration is requesting \$20 million for the Charter Schools program, a \$14 million increase over the fiscal year 1995 appropriation. This program is designed to stimulate comprehensive education reform by supporting the development and initial implementation of public charter schools. Developed by teachers, parents, and other members of local communities, charter schools are exempt from certain Federal, State, and local regulations and focus on achieving ambitious educational goals tied to challenging State standards. Charter schools also enhance student and parental choice among public schools.

For 1996, we are requesting level funding of \$111.5 million for the Magnet Schools Assistance program. Improvements in the program resulting from the reauthorization will

increase the impact of the requested resources, making the program more effective at reducing minority group isolation, benefiting all children in a magnet school, and encouraging new and innovative programs.

Our request of \$30 million for the Education for Homeless Children and Youth program, a \$1.2 million increase over the fiscal year 1995 appropriation, is part of the Administration's strategy for ending the cycle of homelessness and would give States and localities additional resources to meet the needs of this at-risk population.

We are proposing a total of \$619 million for Impact Aid, which was substantially restructured during reauthorization. Our request would provide funding for most of the activities authorized by the new law. This proposal includes \$550 million for Basic Support Payments, which would be targeted to support the education of two categories of federally connected children -- those living on Indian lands and the children of members of the uniformed services who live on Federal property -- and would continue the same level of support for these two categories of children as in fiscal year 1995.

PROGRAM TERMINATIONS AND RESCISSIONS

In line with Administration efforts to eliminate programs that have served their purpose, are duplicative of new or existing programs, or would be more appropriately funded by other sources, we are proposing to terminate funding for: Impact Aid Payments for Federal Property, Instruction in Civics, Government, and the Law; Christa McAuliffe Fellowships; Dropout Prevention; Education for Native Hawaiians; Ellender Fellowships; and the High School Equivalency and College Assistance Migrant programs. We are also proposing rescissions to the 1995 appropriation totalling \$103 million for four programs administered in the Office of Elementary and Secondary Education: Instruction in Civics, Government, and the Law; Dropout Prevention; Ellender Fellowships; and Education Infrastructure.

Mr. Chairman, this concludes my prepared remarks. My colleagues and I would be happy to answer any questions you may have.

DEPARTMENT OF EDUCATION
Office of Elementary and Secondary Education

Biographical Sketch

NAME	:	Thomas W. Payzant
POSITION	:	Assistant Secretary for Elementary and Secondary Education
EDUCATION	:	Bachelor's Degree in American History and Literature, Williams College, 1962
	:	Masters Degree in Teaching, Harvard University, 1963
	:	Doctorate in Education, Harvard University, 1968
EXPERIENCE		
1993 - present	:	Assistant Secretary for Elementary and Secondary Education, Washington, D.C.
1982 - 1993	:	Superintendent, San Diego City Schools, San Diego, California
1978 - 1982	:	Superintendent, Oklahoma City Schools, Oklahoma City, Oklahoma
1973 - 1978	:	Superintendent, Eugene Public Schools, Eugene, Oregon
1969 - 1973	:	Superintendent, Springfield Township, Montgomery County, Pennsylvania
1967 - 1969	:	Administrative Assistant to the Superintendent, New Orleans Public Schools, New Orleans, Louisiana
1963 - 1965	:	Junior high school history and special education teacher, Tacoma, Washington
1962 - 1963	:	High school history teacher, Belmont, Massachusetts
HONORS AND AWARDS	:	Honorary Doctorate, Claremont Graduate School, 1994
	:	"The Executive 100" - Listed as one of 100 of the best school administrators in North America by the <u>Executive Educator</u> , February 1992
	:	Harold W. McGraw, Jr., Prize in Education, December 1992
	:	Honorary Doctorate, Williams College, 1984
OUTSIDE ACTIVITY	:	Past Chair, Board of Directors, Council for Basic Education
	:	Past Vice Chair, Board of Trustees, The College Board
	:	Past Member, National Board for Professional Teaching Standards

Mr. BONILLA [presiding]. Go ahead, Dr. Garcia.

Dr. GARCIA. Thank you very much, Mr. Chairman.

I would like to follow in Dr. Payzant's footsteps and provide some commentary on what we have submitted to the committee and submit the formal statement for the record.

MYTHS ABOUT BILINGUAL EDUCATION

With regard to my commentary and summary, let me first try to provide an important context to my budgetary remarks, to clarify what I believe are a serious set of myths and possible misunderstandings which are sometimes erroneously attached to the Department's Title VII efforts to meet a substantial and growing challenge of local and State educational agencies in meeting the needs of limited English proficient students.

I will detail, I promise briefly, four major myths I think are important to understand. The first myth indicates that Federal assistance to local and State educational agencies does not require nor promote English language competency. Nothing could be further from the truth. The explicit mission of all Title VII-funded programs is the development of English and academic competence. And they do just that. No Title VII program has been funded that does not include the explicit goal of English language development.

A second myth: Title VII funding requires local schools to utilize and develop a student's native language. Title VII funding is discretionary. No educational agency that receives these resources does so automatically. They request them, they participate in a competitive grant process. No requirements are placed on any grantee to develop the native language. In fact, only some of the programs presently use the native language as a tool for achievement of English language proficiency and academic achievement.

A third myth: Title VII promotes multicultural education and minimizes social assimilation. On one side of this issue some opponents of Title VII insist that by allowing the utilization of the native language, Title VII promotes multiculturalism and thwarts cultural assimilation.

However, on the other side of this issue, proponents of multiculturalism contend that Title VII's insistence on the development of English language competence undermines the goals of multiculturalism and leads to rapid assimilation and cultural loss.

Both of these positions are inaccurate. Title VII seeks to assist local and State educational agencies in their efforts to meet their own English language development and academic achievement goals for limited English proficient students. Assimilation or non-assimilation is in the hands of parents and students, and not the purview of Title VII.

The fourth myth, my last one: Title VII programs are ineffective, duplicative and no longer necessary. National, statewide and local studies of Title VII effectiveness demonstrate unequivocally that Title VII programs can and do fulfill their mission of English language development and academic success for limited English proficient students. They do so in urban and rural locales, in large and small school districts, and with students who speak a variety of languages.

Is there one way that works? No. Local variety and methodology is the rule in these effective programs.

Are there good programs and not so good programs? Yes. But the evidence is clear. These programs can and do work.

But is there a national need for Title VII? Could such programs best be developed and paid for at the local level? Limited English proficient students are growing at an estimated 10 percent per year nationally, and the educational challenge of that growth is felt nationwide.

These students nationally continue to significantly lag behind their peers in academic achievement. Yet every public school in the U.S. is required by Supreme Court mandate to serve these students in ways that allow them to receive an equal educational opportunity.

Achieving equal educational opportunity is also an important national mission of the Department.

SATELLITE CONFERENCE

As a side note, Mr. Chairman, the Department held a satellite conference just this last week, on Monday, February 27th, which allowed interested local and State-based educators and parents and others to downlink conferences to their local areas. Over 500 downlink sites, at least one in every State, participated in this session. That is between 10 to 15,000 educators and parents attending at these sites. The express purpose of this satellite conference was to broadcast widely the availability and specific details related to Title VII funding. The number of linkages and participants set a new record for such an activity in the Department.

Does this type of response verify the existence of a national need today for Title VII? I understand that in and of itself, it does not. With all other evidence regarding the educational challenge faced by school districts in every State, the answer to the broader question of national need can be answered in the affirmative.

With regard to our own budgetary requests for fiscal 1996, Title VII funding moves closer in aligning itself with other Departmental programs, much like Tom has indicated, which call for maximum local flexibility, enhanced State involvement, an emphasis on high standards, establishment of parent and community partnerships, a substantive commitment to professional development, and assistance to State and local agencies in serving immigrant students.

We request no increases in support to local educational agencies because our restructuring efforts, these aligning efforts, will lead to more streamlined and integrated activities and programs that will serve an estimated 600 to 700,000 students. That is an increase of 100 percent over the number of students served now under Title VII.

We are requesting a slight increase, \$3.8 million, in funds devoted to professional development. Specifically we cannot expect limited English proficient students to achieve to high standards without the educational professionals who are able to assist them.

We also seek a small increase, \$1 million, in funds for support for services which are directed to State educational agencies and their efforts.

Our largest requested increase, \$50 million, is for funds that would assist local or State agencies serve recently arrived immigrant students. This request is in line with the Department's and Administration's recognition that educational agencies serving these students do require substantive Federal partnership assistance.

Thank you, and I would be pleased to answer any of your questions.

[The prepared statement and biography of Eugene Garcia follows:]

DEPARTMENT OF EDUCATION

Statement by

Eugene Garcia
Director

Office of Bilingual Education and Minority Languages Affairs

on

Fiscal Year 1996 Request for
Bilingual and Immigrant Education

Mr. Chairman and Members of the Committee:

I am pleased to appear before the Committee today to testify on the fiscal year 1996 budget request for Bilingual and Immigrant Education. The Bilingual and Immigrant Education programs address the National Education Goals promoting student achievement and high school completion. Bilingual programs assist limited English proficient students in learning English, meeting challenging State performance standards, and completing elementary and secondary school. Because of the importance of these programs in assisting States and local educational agencies to meet the National Education Goals and to promote systemic educational reform, the Department requests \$300 million, an increase of \$54.8 million. The request provides increases for Bilingual Education Support Services and Training Grants and doubles funding available for Immigrant Education.

According to the 1990 Census, there were, in that year, 6,323,000 children in the United States aged 5-17, who spoke a language other than English at home. Of this group, 3,935,000 were reported to speak English "very well," 1,481,000 spoke English "well," and 908,000 spoke English "not well" or "not at all." Based on the Department's analyses of 1980 Census data, the limited English proficient student population includes all the students in the "not well" and "not at all" categories, plus about half of the "well" category. Comparing the numbers from the two decennial Censuses, we can estimate that this population grew by 27 percent between 1980 and 1990. Another study, which collected data from a representative sample of school districts, found that the population grew by 70 percent between 1984 and 1992. Based on either source, and using any methodology, the number of LEP children has clearly grown substantially, and the needs of school districts for programs to serve those children, and trained staff to work in those programs, have grown accordingly.

Under the reauthorization, the Bilingual Education Act now provides Federal assistance for three distinct kinds of activities related to improving the quality of instruction for limited English proficient students. Under Subpart 1 (Instructional Services), the Department makes awards primarily to local educational agencies for the implementation of instructional programs designed to assist limited English proficient students in meeting challenging State performance standards. Subpart 2 (Support Services) authorizes grants and

contracts for research and evaluation and grants for Academic Excellence Projects that disseminate information on successful bilingual models. Subpart 2 also supports grants to State educational agencies for data collection and technical assistance to school districts with LEP students and a contract for the National Clearinghouse for Bilingual Education to disseminate information on bilingual education. Subpart 3 (Professional Development) authorizes grants for professional development of personnel serving or planning to serve limited English proficient students.

INSTRUCTIONAL SERVICES

For Part A, Instructional Services, our request is \$155.7 million, the same as the 1995 appropriation. As reauthorized, these grants strongly support systemic educational reform for LEP students and prepare school districts to continue to provide high-quality services when Federal funds are no longer available. Bilingual instructional grants provide critical assistance to school districts to help ensure that the Nation's growing LEP student population achieves to the same challenging State standards as all other students. The Department estimates that, of the amount requested, \$118.5 million will be available for new and continuation awards under the new statute. The balance of the request would cover third-year continuation awards to grantees originally funded under the previous statute.

BILINGUAL SUPPORT SERVICES

The Department requests \$15.3 million for Support Services, which is \$1 million more than the 1995 appropriation. The increase would permit the Department to conduct a series of studies related to assessment of systemic educational reform efforts for limited English proficient students.

The Academic Excellence activity will fund an estimated 10 new projects selected through a peer review process. At the request level, the Department would also increase the size of SEA grants to cover the cost of their review of applications under Subparts 1 and 2, thus allowing them to exercise their new partnership role with the Federal Government. The National Clearinghouse for Bilingual Education would receive a small increase to permit the Clearinghouse to continue operating at the same level as in fiscal year 1995.

BILINGUAL TRAINING GRANTS

For Subpart 3, Professional Development, the Department requests \$29 million, an increase of \$3.8 million over the 1995 appropriation.

The Department believes that preservice and inservice professional development is a key element in promoting the kind of systemic educational reform necessary to reach the National Education Goals relating to promoting student achievement and high school completion. This investment is particularly worthwhile under the reauthorized statute because of the coordination now required between institutions of higher education and State and local educational agencies. The increase would fund 61 new projects to train new teachers and to improve the skills of existing teachers.

The Department proposes to allocate more than \$4 million of the increase to the new Career Ladder program, for upgrading the skills of noncertified educational personnel and helping recruit secondary school students into the teaching profession to serve LEP students. (In 1995, because of limited funding, the Department will be unable to make Career Ladder grants.) Of the funds requested, the Department would use \$20.5 million to make awards under the new legislation, with the balance for continuation grants for projects originally funded under the antecedent law.

IMMIGRANT EDUCATION

The Department requests \$100 million for this program, an increase of \$50 million over the fiscal year 1995 appropriation. The Department's request responds to evidence of the financial burden that educating immigrant students places on school districts, particularly in the States where immigrants are concentrated.

Data from the 1990 Census show that the burden of educating immigrant students falls disproportionately on seven States: Arizona, California, Florida, Illinois, New Jersey, New York, and Texas. In the spring of 1990, those seven States enrolled almost 80 percent of the Nation's immigrant students. The Department's Immigrant Education program is well designed to respond to the needs of those States: in 1994, they received 81 percent of program funding.

While the statute requires that States suballocate 80 percent of their award to local school districts based on the number of eligible immigrant students enrolled, this requirement spreads funds thinly within States and prevents States from considering the relative need of school districts in making subgrants. In order to provide States with the flexibility to channel funds to those districts most in need of assistance, and in amounts that will make a difference, the Department proposes special appropriations language to permit States to allocate all or any part of the funds to LEAs on a discretionary basis.

My colleagues and I will be happy to respond to any questions you have regarding the 1996 budget request for Bilingual Education.

DEPARTMENT OF EDUCATION

Office of Bilingual Education and Minority Languages Affairs

Biographical Sketch

NAME : Eugene E. Garcia

POSITION : Director, Office of Bilingual Education and Minority Languages Affairs

EDUCATION : Post Doctoral: Harvard University, psycholinguistics, 1976-77; National Research Council, 1979-80; Kellogg National Fellow, 1983-86

University of Kansas, Ph.D. Human Development 1972

University of Utah, B.A. Psychology, Sigma Cum Laude, 1968

LANGUAGES : Spanish (native speaker), German, English

EXPERIENCE

1993-Present : Director, Office of Bilingual Education and Minority Language Affairs

1990-1993 : Prof. of Education and Psychology; Dean, Division of Social Sciences; Co-Director, National Center for Research on Cultural Diversity and Second Language Learning, University of California, Santa Cruz

1987-1990 : Prof. of Education and Psychology; Chair, Education Department, University of California, Santa Cruz

1980-1987 : Prof.; Director, College of Education, Arizona State University

1976-1980 : Prof. of Psychology; Chair, Department of Chicano Studies, University of California, Santa Barbara

1972-1976 : Associate Prof., Dept. of Psychology, Univ., of Utah

HONORS AND AWARDS

1991 : American ED. Research Assn., Senior Research Award

1986 : League of United Labor American Citizens, Hispanic Educator of the Year

1976 : Junior Chamber of Commerce, Young-Man-of-the-Year

1971 : Ford Foundation Fellow

1967-68 : National Science Foundation Fellow

1968 : Phi Beta Kappa, University of Utah

PUBLICATIONS

1983-Present : Garcia, E. Understanding and Meeting the Challenge of Student Diversity. Boston: Houghton Mifflin Co.

Garcia, E. and McLaughlin, B. Meeting the Challenge of Linguistic and Cultural Diversity in Early Childhood. New York: Teachers College Press (Edited volume).

Barona, A. and Garcia, E. Children at Risk, Washington, D.C.: Nat'l Assn. of School Psychologists, 1990 (Edited volume)

August, D., and Garcia, E. Education of Language Minority Students Research, Policy and Practice. Chicago: Thomas Publishing Co., 1988.

Garcia, E. and Flores, B. Language and Literacy Research in Bilingual Education. Tempe: Arizona State University, 1988 (Edited volume).

Garcia, E. and Padilla, R. Advances in Bilingual Education Research. Tucson: University of Arizona Press, 1985 (Edited volume).

Garcia, E. The Mexican American Child: Language, Cognition and Special Development. Tempe: Arizona State University, 1983 (Edited volume).

Garcia, E. Early Childhood Bilingualism. Albuquerque, University of New Mexico Press, 1983.

Mr. BONILLA. Thank you, Doctor.

HEP AND CAMP PROGRAMS

Dr. Payzant, if I may start with a couple of questions, as you know, I have an interest in the HEP program and the CAMP programs. So my first question is about the cost per student, when you compare, for example, to the adult education program, I think it is \$64 per student under that program, but \$2700 in the high school equivalency program. Is that because they serve a more difficult population? Why such a large discrepancy?

Dr. PAYZANT. I think some of it is because they serve a more difficult population. We are also working with a small amount of money, and consistent with our overall attempt to not say that some of these small programs aren't important, but given the difficult choices that have to be made, we don't think with the small programs we can get the broad impact and the economies of scale in terms of getting those individual student costs down. And that is one of the reasons that we have recommended that the programs be eliminated.

Mr. BONILLA. Why is the cost per student of \$858 in the TRIO student support services program, why is it that amount but more than the \$6,000 per student in the College Assistance Migrant Program?

Dr. PAYZANT. I am going to ask for some help on that because I don't work directly with the TRIO Program.

Mr. CORWIN. I understand that the Student Support Services portion of TRIO provides special services designed to help students get through their first year of college. CAMP is more elaborate. It provides much more of the total cost of instruction for the student. The TRIO students will ordinarily have student aid. They get it from that source, which will hold their TRIO costs down.

If I could follow up with one other comment, I don't know that it is fair to say that the HEP serves a more difficult population. Traditionally they have only served migrant and seasonal farm workers, but since the last reauthorization in 1992, it has become less targeted.

Now you only have had to have been a migrant or seasonal farm worker at some point in your life, to participate in HEP programs.

Ms. CHRISTENSEN. I would just add one other thing, Mr. Bonilla. These small programs came to us from the Department of Labor when the Department was created in 1981. They were already established, and a few institutions, relatively few institutions, received these awards at that time, and the same program has been reauthorized over the years.

Although it serves the same kind of population, it provides the same services as the other two existing larger programs do. They have continued on for the same reason we discussed this morning, that they had their particular sponsors in Congress, and they continued to be reauthorized.

Mr. BONILLA. Thank you, Sally.

The final question I have for the record, if you would, the 20 grantees in the HEP program and the 6 grantees in the CAMP program. I would appreciate it if you would do that.

[The information follows:]

HIGH SCHOOL EQUIVALENCY PROGRAM (HEP) GRANTEES

California State University (Sacramento)
 University of Colorado (Boulder)
 University of South Florida (Tampa)
 Boise State University (Idaho)
 Center for Human Services (Bethesda, Maryland)
 Mississippi Valley State University (Itta Bena)
 Northern New Mexico Community College (Española)
 State University of New York (New Paltz)
 University of Oregon (Eugene)
 Catholic University (Ponce, Puerto Rico)
 Inter American University (San German, Puerto Rico)
 University of Tennessee (Knoxville)
 SER-JOBS for Progress if Southwest Texas, Inc. (Laredo, Texas)
 Texas A and I University (Kingsville)
 Southwest Texas State University (San Marcos)
 University of Texas-Pan American (Edinburgh)
 University of Texas (El Paso)
 University of Houston (Houston)
 Washington State University (Pullman)
 Milwaukee Area Technical College (Wisconsin)

COLLEGE ASSISTANCE MIGRANT PROGRAM (CAMP) GRANTEES

California State University (Fresno)
 California State University (Sacramento)
 Boise State University (Idaho)
 Oregon State University (Corvallis)
 Pennsylvania State University (University Park)
 St. Edward's University (Austin, Texas)

TRANSITIONAL PROGRAMS

Mr. BONILLA. I would like to move briefly to the Bilingual Education program. I have stated before very strongly in support of bilingual education only in the sense that it is a transitional program. Dr. Garcia referenced that to a great degree in his opening remarks.

We tried last week to focus the remaining funds in the subcommittee only for these transitional programs, and with that in mind, we want to figure out how we can move towards focusing just on transitional programs.

Your budget justification is 20 pages long, Dr. Garcia, and your testimony, roughly five pages long, but not once does the Department use the word "transition." Is there a reason for that?

Dr. GARCIA. Sure. There is a good reason. What we have tried to do is leave that kind of flexibility up to the local district. One of the clear things that we understand is that local districts should determine whether or not they use one program model or another. So that is one reason.

Secondly, transitional bilingual education isn't itself a model. It is a goal. And all of the bilingual education projects have the transitional goal, whether they use the native language or not.

That is, we really want to move children into English language competence and curricular competence to high standards in English. So that is one of the reasons, if we use that language, it essentially does confuse people. The real understanding we want them to have is that all students should be essentially moving from whatever language is their primary language into an English language curriculum at high levels.

So that is one of the reasons we haven't used the term "transitional." It is essentially implied that that is in fact what we are about. The two missions are clear: English language competence and academic competence. English is clearly there. That is why.

Mr. BONILLA. Thank you.

I may have some questions after I allow some of the other Members to ask their questions as well. So thank you very much.

Ms. LOWEY, I yield to you.

Ms. LOWEY. Thank you, Mr. Chairman.

So nice to see you again, Dr. Payzant, and your colleagues. Good to have you here with us today. I want to tell you how much we appreciate all the important work you are doing. And we appreciate your coming to visit with us today even though, as I said before to our Secretary, this is the site of a billion-dollar cut. But we appreciate you being here today.

MAGNET SCHOOLS ASSISTANCE PROGRAM

I would like to ask a particular question about the magnet school programs. I have been a great supporter of the magnet school program when it is effectively implemented. We know that the magnet school program enjoys very strong support in Congress, and in the States and localities, for its effectiveness in improving student achievement and reducing segregation. Under the program, school districts are granted a significant amount of flexibility to tailor their efforts to the needs of the community.

In my visits to the magnet school program, in most instances, they are really models of what you would like every school to look like. They have been extraordinary, particularly in Yonkers, New York, where I have seen some very exciting magnets, and now New Rochelle is beginning their program, and I am quite impressed.

I have always felt that the magnet school programs really have an important lesson to share with the overall education program. I am concerned, however, that the current magnet school rules inhibit the ability of districts to expand limited magnet initiatives to other schools within those districts, because the rules state that new applications should get the first shot at dollars.

Shouldn't the dollars be available for effective programs to expand, in addition to expanding to new districts? I am not sure how we do this, whether it is changing the rules or whether it can be done within the current rules.

But it seems to me what happens is you invest in a magnet school, they do some wonderful things, and then they are told they can't get any help, we can't expand that model to other schools in the district because new districts get first shot at new dollars.

Dr. PAYZANT. It is a difficult set of choices, because even though it is a \$111 million program, that results in 50 to 55 grants in each cycle. What we have done in the reauthorized legislation is extend the length of the cycle from two years to three. That change will give a little more time for the existing projects to prove their effectiveness.

Ms. LOWEY. Exactly.

Dr. PAYZANT. It is the issue that we face in so many of these policy decisions, concentration and focus versus continuing to spread the money broadly. What we have tried to do in the new legislation

is strike somewhat of a balance. The Department says, that a current grantee can come in with a continuation application to continue to expand and develop the models started earlier. The Department will give a few more points of consideration in the ranking to those that are new applicants.

So it is an attempt to strike a balance, not all one or the other.

Ms. LOWEY. I wonder if there is any other source of funds that we can utilize to support the expansion of that. I have been trying to figure out myself why the investments in magnet schools have been so worthwhile and so effective. They get that money and they are doing extraordinary things with it.

Now, other schools get money, but I haven't seen the success that I have seen in the magnet schools. So I just wonder how we can build upon that. Too often it is difficult to continue without the resources. Clearly it is an infusion of resources that helps. But you and I know the answer isn't always money.

Whether they are able to attract outstanding staff because of the money, whether they are able to buy additional physical equipment because of the money, all this is part of it. But in my visits to magnet schools, they are really very special, and really a good use of the money. Perhaps you can explain.

EXPANSION OF MAGNET SCHOOLS PROGRAMS

Dr. PAYZANT. I think there are three or four ways. One additional thought on your former question, another factor in determining funding for new versus continuation of existing projects is the specific nature of the desegregation plan in the district that is applying. That is a variable as well.

I think there are a lot of opportunities for expansion because of the way in which the Improving America's Schools Act has been structured around the four priorities I mentioned earlier, Goals 2000, is really an effort to take best practice and have schools bring that best practice to bear as they develop their school plans.

So you could take a district of almost any size with more than one school, and if they have magnet schools, use some Goals 2000 money to begin to use some of those same practices in other schools.

With the expansion of school-wide programs under Title I, now you have to have a 75 percent eligibility rate to qualify for a school-wide program. This year it will be 60 percent and in subsequent years 50 percent. That is going to expand from 9,000 to 20,000 the number of schools that will be eligible for school-wide programs where they can put all of their resources into a comprehensive plan and draw on the ideas of magnets or best practice.

Under Professional Development, another major priority, you could take what you have learned from good magnet schools, efforts to get teachers and other educators engaged, and use those practices with Professional Development money, which you can use throughout the district in other schools.

So I think there really is an opportunity to build on those good ideas.

Ms. LOWEY. I am glad you mentioned Goals 2000, because there seems to be some question in this committee among some of the Members about whether that is worth pursuing to the extent that

many of us believe that it is. So I am very pleased to hear you address that, because I think it is an important source of funds that goes to the local level where they can build upon their successes and hopefully expand it.

Thank you.

Thank you, Mr. Chairman.

Mr. BONILLA. Thank you, Ms. Lowey.

Mr. Miller.

BALANCING THE BUDGET

Mr. MILLER. This is my first year on this committee, but I was on the Education and Labor Committee last year. We are very committed after the election last November to continue our glide path towards a balanced budget. Whether it passes in the Senate or not, we are on the glide path and we will remain strongly committed.

We will be going through the whole budget process in May. And seeing this budget, it sure doesn't help us move on that glide path. It seems like we are almost going to have to start over or something. I am sure you are aware of all the rescissions we made last week.

This budget does not help us on our glide path towards a balanced budget. For example, the bilingual program has a 22 percent increase over last year, other programs, such as the Eisenhower program, got over 100 percent increase from last year. Title I for elementary and secondary education has got a \$550 million increase. We are increasing and increasing. We know we have the \$103 million, thank you for that, but that is not moving us towards the glide path towards a balanced budget.

I don't want to debate the philosophy that we are going to move on a glide path, because that is a given. The question is, how you are going to interact and participate in that process?

I am curious, where do we go as we are getting ready to do this appropriation process this summer and are you working with the Educational Opportunities committee this year? If we are going to move into the balanced budget, these numbers are not going to be acceptable to the people that were elected last November 8th, which are a different group than passed Goals 2000 and the authorization of HHS last year.

How do you propose we get realistic numbers if we are not going to accept these numbers?

Dr. PAYZANT. I don't think there is a question of there being so much disagreement about the goal of getting the deficit down and reaching a balanced budget. I think where the debate exists, it exists over what the priorities ought to be as you make the tough decisions and make the reductions.

And I know when you talk to educators and people from the Department of Education, you can say, Well, you are being advocates for education, which is what we are. And it may sound a bit self-serving but it is indeed sincere, in looking at the big picture, we really think, as the Secretary said this morning, that an investment in education today in the short term will help in the long term with better educated people, people who are able to participate in an economy that is still productive, and a democracy that is still vibrant. And it can be penny wise and pound foolish to real-

ly make the cuts significant in education because of the investment potential that you get here.

That is not to say that we are unmindful of the need overall to come to grips with some very tough choices.

Mr. MILLER. Well, yesterday we heard testimony from Nobel laureates in biologic and medical sciences and, of course, nobody wants to cut NIH. I completely agree with that. But we are going to move towards that glide path and we need some help to do that.

ELIMINATING THE DEPARTMENT OF EDUCATION

I am sure you know, that two former Secretaries of Education have talked about doing away with the Department. Additionally, there is a task force within the Republican party working to do away with the Department of Education. You may or may not totally disagree with that, however, even you talked about how we may want to have all the decisions at the local level.

When we start new programs such as magnet schools, we always have to make requirements. Everything has a federal requirement and must satisfy certain goals to receive funding. For example, Goals 2000, we have to approve these State plans. That is the Federal Government's role. There is serious concern that we have too much Federal Government in education.

Mr. Obey's comments this morning were interesting. He voted against the original formation of the Department of Education in 1979. I was not aware of that. He talked about being opposed to the initial formation for a little different philosophical reason than I would have, but it was interesting that, there are a lot of people revisiting that question.

Have you been meeting with Mr. Goodling and Mr. Cunningham in the authorizing committees as far as what they are talking about? I am still not sure.

Dr. PAYZANT. I met with Mr. Cunningham about 10 days ago, and we spent about 45 minutes talking about issues overall, and of course from the perspective of the authorizing committees, one of the things that they are looking at is the issues that have not yet been addressed that are coming forward, such as the Perkins Act and the Individuals with Disabilities Education Act.

So a lot of the conversation was around those issues as well as views about what was done in the 103rd Congress and whether any of those issues would be revisited.

PUBLIC CHARTER SCHOOLS

Mr. MILLER. We don't know that yet. There was a little program called Charter Schools funded at \$20 million. How many people does that help, a \$20 million program?

We were having this discussion about all of these rescissions, and actually this is where Mr. Obey and a lot of Democrats agree with Republicans to let's get rid of a lot of these little programs. How helpful are these small programs at the Federal level?

Dr. PAYZANT. States that have charter school statutes on their books would be the only ones that would be eligible for these dollars. At this point about 11 or 12 States have charter school laws. So at this point you are targeting to 11 or 12 States, and then the

States would make available grants to emerging charter schools within their States.

That is a fairly small number of schools nationwide. For example, the California legislation has a limit at this point on 100 charter schools Statewide. So if California came in for a grant and got one, then they presumably would have that—

Mr. MILLER. Why should the Federal Government fund these? As an illustration, why should the Federal Government even get involved in that program? Justify that one little program.

Mr. PAYZANT. Primarily because charter schools are a new idea, a demonstration effort. There has been a lot of bipartisan interest in looking at more programs of choice. These would be public school charters. The idea behind the Charter Schools program is to determine what would happen in terms of student results if we give parents and a group of educators freedom, in return for producing some results at the end of the period agreed to in the charter, to innovate unencumbered by State and Federal rules and regulations.

Charter schools funding is intended to help cover start-up costs.

Mr. MILLER. How many schools would be there for that \$20 million?

Dr. PAYZANT. It is hard to say because it would depend on how the individual States who apply for the grants run their competitions and how many groups came forward within a participating State. It is going to be a small number initially.

Mr. MILLER. Initially. That is the problem. Demonstration projects historically start small but grow rapidly, we go on and on and on, until they are a problem. I know you all have been wanting to get rid of some of these, too. Mr. Obey himself was pleased that we will be getting rid of some of these small programs.

INCREASE FOR EISENHOWER PROFESSIONAL DEVELOPMENT

The Eisenhower program has got over a 100-percent increase. How do you justify that?

Dr. PAYZANT. We have proposed to eliminate funding for Title VI under the reauthorized ESEA, which is the successor to Chapter 2. And that has been probably the example of the money from the Federal Government to school districts that has the fewest strings.

It is interesting to look at the evaluation results of that program, which show that not much in the way of any identifiable impact has occurred with respect to improved teaching and learning. About 40 percent of the money has been spent on materials and supplies, a very small amount on professional development.

This is part of our effort to consolidate and get significant resources into an area of real priority, which is providing training and support for teachers who are going to be the key people who help kids get to high standards. Without a significant infusion of dollars, that is not going to happen. It is going to be money that is disbursed, a little bit here and a little bit there, and it won't have some real clout.

Mr. MILLER. Well, I think we have got a long way to go to get these budgets in the same line we are going to be working off of as we go through the appropriations process. I hope we can work together.

But this is, not as much of a working document as I would have liked, speaking for Dan Miller only.

Thank you, Mr. Chairman.

Mr. PORTER. Thank you, Dan Miller.

Ms. Pelosi.

Ms. PELOSI. Thank you, Mr. Chairman.

IMPACT OF BILINGUAL RESCISSIONS

Thank you, Dr. Payzant. I am very interested in your complete testimony, but I was hoping you could tell me with regard to bilingual education what the practical impact would be of the \$38.5 million that is proposed in the Republican rescission package. What would be the practical—

Dr. PAYZANT. My colleague will be happy to respond.

Dr. GARCIA. If you will allow me, this impact is substantive. Of the \$155 million we have for assistance to local school districts, this is a 25-percent reduction. So that it is going to have a major impact, specifically, anywhere from 130,000 to 200,000 fewer students will be served, depending on which programs, which costs, et cetera are considered. So it will be a 25-percent reduction of students who we are presently serving.

It is a reduction. In addition, this will particularly affect places where there are high concentrations of bilingual populations. So even though the average might be a 25-percent reduction, in places like California and Texas and Florida and New York, those reductions are actually going to be greater. Those, therefore, are critical.

With regard to new programs, this will limit the possibilities of those school districts that have just begun to take on limited English-proficient students, will limit their possibilities of getting Federal resources to help those children achieve, again, to high standards, so that this is no small cut. This is a substantive cut. It hurts. And it hurts across the country. It does not just hurt in some places. So I do believe this is a major rescission.

Ms. PELOSI. Well, I am not surprised that it is substantial and substantive, but it is always disappointing to hear what you suspect is so in terms of the numbers of children who would be affected. It is curious to me that this kind of a cut would be proposed at a time when some people are advocating English as the official language and the rest, and they would cut the very programs that could bring more English proficiency to so many more children.

Thank you, Mr. Garcia, for your answer.

TECH-PREP EDUCATION

Another question that I had, following up on Secretary Riley's testimony this morning, on the Tech-Prep Education program, as you know, the Republican rescission package would terminate funding for the Tech-Prep program.

Could anyone here address what would be lost at the level of local schools if this rescission were to stand?

Mr. CORWIN. That is administered by our Office of Vocational and Adult Education. Assistant Secretary Kappner is supposed to be coming shortly. I don't have the information with me today.

Ms. CHRISTENSEN. We could mention there will be about 5,300 school districts affected, and about 172,000 students.

Ms. PELOSI. How many students again?

Ms. CHRISTENSEN. One hundred seventy-two thousand is what we have estimated. But as Tom indicated, Dr. Kappner will be here. That is to be rescheduled right now. But she'll be here very soon.

[Additional information follows:]

Subsequent to the hearing, the Department received updated information on this issue. During fiscal year 1994, more than 420,000 students participated in Tech-Prep programs at 1,000 community colleges and 5,500 secondary schools. This is the most current estimate of the impact of the proposed rescission.

Ms. PELOSI. I look forward to asking that again, because once again, if our goal is to prepare our young people for the future and for jobs, et cetera, it seems in opposition to this purpose to cut Tech-Prep education programs.

I did have a question about the Eisenhower Professional Development State Grant program, but I think that you have answered Mr. Miller's question. You addressed that question sufficiently for me, compared to the other questions that I will have.

GOALS 2000

If you could just address on the subject of Goals 2000, because to me that is the heart of the matter. This program was developed in a bipartisan fashion, with the Governors, under a Republican President. The program seems to give as much discretion as possible to the States with some funding and some goals. And to me, it sounds like it isn't, once again, in keeping with our stated goals for education, and particularly our Republican Majority in terms of putting more authority at the State level.

This morning one of my colleagues, I think it was Mr. Bonilla, who was asking a question about if this is what—and please forgive me if I am not characterizing it perfectly accurately, but I think your point was, that Goals 2000 has all the characteristics of a block grant.

Mr. BONILLA. If you will yield for one second, I just asked the secretary about the paperwork and Federal Register regulations—there were none, and tried to draw a similarity between Goals 2000 and block grants. He acknowledged while they are not, of course, identical, but there was similarities.

Ms. PELOSI. Yes. And following up on that point, could you for the record tell us what would be the advantage of Goals 2000 as presented as it exists now over a more typical block grant program.

Dr. PAYZANT. I think, as with any term, block grant comes to mean lots of things to different people. The Secretary was quite clear in saying that the best idea of a block grant in his view is one in which there is a national purpose that is served by it; one in which there is maximum flexibility to the States and local jurisdictions that will be the beneficiaries of it; and third, that there is no blank check in the sense that there has to be some responsibility for demonstrating that those dollars have been spent wisely against the national purpose for which the grant is created in the first place, and what Goals 2000 does is combine those three things. It says there is a national purpose in reaching goals that were established in a bipartisan way.

States and local school districts have the responsibility for education. Here are some dollars to provide States and school districts with the opportunity to work on high standards, to develop teachers, to engage in current involvement strategies that pull parents in, that create a climate that will be conducive to learning.

To move away from the fragmented categorical approach to the pulling-the-pieces-together approach so that the whole school will be greater than the sum of its parts, and then at the local level there is responsibility for saying what kind of progress we have made in helping students meet those high standards that the State has developed.

And that is where the accountability piece comes in. If I might, I could take you to a school in San Diego where I was superintendent for 10 years—an inner-city school with a 90 percent poverty level. The principal, who is very dedicated, with a good teaching staff, would say I am trying to manage 30 or 35 different categorical programs—some from the Federal Government, some from the State, and yes, Tom Payzant, some from your central office.

They are all well-intended, but what we really need is to step back and figure out how they connect for children and make a difference in achieving and learning. That is what Goals 2000 provides the help and support to do.

Ms. PELOSI. I appreciate your description. I consider myself a strong supporter of Goals 2000. I guess my question is not so much for you, but for my Republican colleagues, as to why they would not be supporting this program because it seems to have so many of the characteristics of a block grant. It gives discretion to the States, but certainly recognizes the Federal responsibility in improving standards and not just sending a blank check.

I appreciate your comments for the record, and for your testimony and your leadership on education issues. Thank you all.

Thank you, Mr. Chairman.

Mr. BONILLA. Thank you, Ms. Pelosi.

Mr. Riggs.

OVERALL INCREASE FOR EDUCATION

Mr. RIGGS. Thank you, Mr. Chairman.

Good afternoon to the panel. Ms. Christensen, I apologize. Like everybody else these days I have multiple conflicts, multiple meetings presenting scheduling conflicts, and I couldn't attend this morning. I would like to know, though, in terms of the overall percentage increase in DOE's budget that you are proposing here, what is the percentage?

Ms. CHRISTENSEN. 3.8 percent.

Mr. RIGGS. So you are proposing that the Department increase its budget by about the rate of inflation?

Ms. CHRISTENSEN. That is true overall. That is a net increase. Within that total, though, it is important to recognize that we have made some choices. We have a lot of reductions and proposed terminations in programs, which not only streamlines the Government, but also provides more dollars for higher priority items.

TITLE I PROGRAM

Mr. RIGGS. Dr. Payzant, I am interested in the Title I program, as I am a former school board member. When we went through the rescissions markup in subcommittee last week, I actually, as you may know, offered an amendment to reduce the current fiscal year appropriation for Title I programs to restore funding for Head Start.

I identified that Title I program as an offset in my belief that that program is, in fact, a rather wasteful expenditure of money and has become, for all intents and purposes, an entitlement to every local education agency in the country.

Can't we bring some efficiencies to bear on this program? I do commend you, by the way, in suggesting that perhaps those funds be directed on a priority basis to high poverty school districts.

But can't we go further in that direction and really take a hard look at this program? Maybe that is an unfair way of putting the question and I should ask you, what are you doing in terms of critically examining the operation of that particular program with an eye towards achieving some cost savings?

Dr. PAYZANT. Congressman Riggs, we were very deliberate as we prepared the proposed reauthorization of the Elementary and Secondary Education Act to learn from experience with Chapter 1 in prior years. And what we found was that there was some good news in that, if you look at what happened from the early 1970s to the late 1980s to the early 1990s, there was improvement in basic skills, in reading and math, with a large number of students served by Chapter 1.

There was also some closing of the achievement gap between minority students and white students, but that the gap still persists. And when we looked at schools with high concentrations of poverty, the news was not good.

So if Tom Payzant is a poor child and is enrolled in a low poverty school, the same child, Tom Payzant, is going to do better there than if he were enrolled in a school with a high concentration of poverty. So we know that there is a lot more to do. When we redesigned Title I, we did it around a set of principles, a commitment to professional development for teachers, moving away from "pull-out" programs, where you pull kids out of the regular classroom for 20 or 30 minutes a day, and moving to expansion of school-wide programs, where schools could put their Federal dollars together and focus on serving all of the children in those schools which had high concentrations of poverty.

And even in the schools that didn't qualify for school-wide programs, we want to encourage enrichment, extended days, Saturday school, and summer programs that do not put children at a disadvantage by pulling them out of the regular instructional program to get the supplemental help that they need.

So we think that the new design for Title I, which is compatible with other legislation that has been approved, begins to tie the pieces together with some focus, and will make a real difference and get much better results than in the past.

TITLE I COSTS VS. BENEFITS

Mr. RIGGS. We will debate the new design in the authorizing subcommittee and the full committee. I guess my question is, shouldn't the new design result in a cost savings?

Dr. PAYZANT. When you look at the facts, you still have 13 percent of the schools in this country that have 75 percent poverty levels and above, but are not served by the former program, Chapter 1. In short, there are a number of disadvantaged students who are not being served at the current level of appropriations.

In light of your earlier comment, the Administration's proposal was to concentrate the dollars more than the authorizing committees and the Congress, in its wisdom, decided to do. We would have focused the dollars more. That is why we have suggested the billion dollars in the targeted part of the formula in the budget proposal presented to you, but that would still not serve all of the children who are poor and disadvantaged in this country at the current level of appropriations are being served.

Mr. RIGGS. I would like to work with you in that regard. I would simply point out for the record we are talking about the 103rd Congress, where the authorizing committee, as well as the full House, were controlled by the Democratic Party.

Let me turn my attention for just a moment; does special education fall under your jurisdiction, sir?

Dr. PAYZANT. No; Assistant Secretary Heumann will be testifying.

Ms. CHRISTENSEN. It was scheduled for tomorrow afternoon, but it will be rescheduled because of the markup.

IMMERSION PROGRAMS

Mr. RIGGS. For Dr. Garcia, I am curious what we know now about immersion programs, and how Federal dollars are being used to implement immersion programs across the country. I hear a lot of criticism of immersion programs.

I personally witnessed immersion programs being, frankly, utilized in local school districts around the country, not so much for the purpose of transitioning limited English or non-English-proficient students to English, but rather the other way around. It is being used as a language enrichment program in many cases for Anglo children.

What sort of reforms or improvements can we bring to bear there that would also help us save money?

Dr. GARCIA. With regard to saving money, let me answer that last. First, with regard to your question about immersion programs, we are talking about programs that utilize the native language to move children to transition into English in high standards.

In my opening remarks, I made very clear that the goal of every Title VII project is, in fact, a movement to English competency as well as academic success. In some of the programs you may have visited, I will give Texas for an example, Governor Bush is promoting immersion two-way programs for economic reasons. He believes that children who can, in fact, utilize two languages can assist Texas economically in their work with Mexico and Latin America.

So again, there may be local reasons for which programs in the native language in California may be Chinese, economic reasons, or goals that a local education agency along with a State may wish to promote.

Our job in the Federal Government is to assist local agencies and States, not to tell them what to do, not to dictate to them. For instance, we believe the Governor's efforts in Texas do this for economic reasons, and they are probably good. We shouldn't be dictating to that State that they shouldn't be able to do that.

But let me make clear, all of our efforts, all of our programs presently must move children to English language competency. There isn't a program that we fund that doesn't do so. At a time when there is concern about lack of that kind of English language abilities in this country, this program is specifically designated to do that.

There may be some places in the country in which the goal is to do several other things as well, but that has always been a constant.

Mr. RIGGS. Shall we restrict the funds? Do you think that bilingual funding or funding for immersion programs ought to be used by local school districts, as a language instruction or language enrichment program for Anglo students?

I can cite for you school districts in the country where this funding is being used to provide basic educational services for majority Anglo classrooms. It has, in fact, again become some sort of a language-enrichment type of program.

Dr. GARCIA. We certainly would be interested in you giving us information on where those school districts are, because that is certainly not the mission and goals of this program. Our programs are highly concentrated. Congress has given us specific directives that these dollars should go where there are high concentrations of limited English proficiency. To hear from you that there are places that are serving other than that is somewhat surprising.

There are places that are serving both, as I indicated to you. In Texas there might be a mission, a goal there that everyone should learn a second language, and certainly using these programs to assist limited English-proficient students as well as other students to achieve English and other language competencies might be very well appropriate for a local school district. We certainly wouldn't restrict someone from doing that.

With regard to the dollars, I want to point out that in the reauthorization, we made it very clear that our efforts were to serve more students because it was more efficient to do so through the mechanisms that we are now supporting.

For instance, our district-wide programs and our comprehensive school programs do exactly that. We will be able to serve 100 percent more students. We will become a lot more efficient in serving more students because we are concerned, as you are already, about the use of dollars. So we are moving in a direction of becoming more efficient.

TEACHER TENURE

Mr. RIGGS. Let me ask my last question or direct my last question, again, to Secretary Payzant. We continue to put a lot of money effectively into teacher training or teacher development types of programs. I am wondering if the Department and the Administration would be willing to support perhaps some strings attached to that funding to State and local education agencies that would promote or encourage State and local education agencies looking at teacher tenure laws, which more often than not encourage mediocre teachers to stay in the profession, whether they would encourage State and local education agencies to take a look at alternative credentialing programs or credentialing requirements, which more often than not prevent very able people from making a mid-career change and moving into the teaching profession.

Dr. PAYZANT. Both in Title II of reauthorized ESEA and in Goals 2000 there is encouragement for States to look at certification, teacher preparation, alternative routes to certification, again, without Washington saying you have to do it or you have to do it in a certain way, but you may use some of your dollars to pursue what makes sense around those issues.

So there is the authorization there both under ESEA Title II—Eisenhower, and in Goals 2000 to do just that.

SALARIES AND EXPENSES

Mr. RIGGS. My last question would be a more general one, and that is, of the percentage of the total monies appropriated in the Department of Education budget for primary and secondary education, how much stays back here and is used for administration by the Department of Education?

Ms. CHRISTENSEN. None. Mr. Riggs, we have a separate salaries and expenses account that is used to administer programs, and it is about 2 percent or less of the Department's budget.

Mr. RIGGS. So your testimony is that a total of 2 percent is actually used for administrative overhead?

Ms. CHRISTENSEN. For administering the Department's programs at the Federal level, right.

Mr. RIGGS. That is the total sum that is used for administrative overhead?

Ms. CHRISTENSEN. That is right.

Mr. RIGGS. Thank you, Mr. Chairman. Where did Mr. Chairman go?

Mr. BONILLA. He has gone for a couple of minutes. He will be back. Mr. Istook.

OFFICIAL LANGUAGE

Mr. ISTOOK. Thank you, Mr. Chairman, gentlemen, ladies, good to have you with us. Let me follow up on something Congressman Riggs was talking about regarding bilingual education.

There are, of course, a significant number of people who believe that we should have a declared, official language. Obviously, English would be the language of choice for this country. I would like

to know if there is any position that the Department of Education has on such a proposal.

Dr. GARCIA. I certainly know of no position by the Department of Education or the Administration with regard to that issue.

Mr. ISTOOK. Are there any problems you foresee that would be generated for any sort of educational programs if such a policy were to be adopted?

Dr. GARCIA. Mr. Istook, I think that would depend on the policy itself. I come from California, where such an amendment passed, and there were deep concerns that individuals would not be allowed to get the kinds of information they need to participate in schools and so forth. It turned out that the court determined that there are certain rights that parents have and children have, and you can't take those away. And it was the State courts as well as the Federal courts.

So my sense is, it depends on the nature of the policy and if it restricts the opportunities for parents. As we know, parent involvement is a critical issue for kids' success in schools, that data is pretty clear.

Mr. ISTOOK. If you can be specific, how does saying that the official language of the country is to be English restrict a parent?

Dr. GARCIA. If the policy is that the official language is English, like California, it does not disallow, for instance, school teachers or school principals to communicate in Vietnamese and Chinese and Spanish. If a policy were such that it did not allow such communication about important issues, whether you want a child to participate in sex education, whether you want a child to do other things, then that kind of policy, I think, would be highly restrictive and, could, in fact, chill and more importantly really misguide the sort of mission that we have in partnership with families and schools. That is the only thing about the policy. If you are talking about a policy that doesn't do that, I don't see any problem.

Mr. ISTOOK. I don't understand what you are saying. How can you, for example, when schools say that we are going to teach a child algebra, we are going to teach a child correct grammar, of course, now we are getting into languages. We are going to be teaching a child about social studies. We are going to be teaching a child about biology or chemistry or whatever it may be. How can you say if we decide we are going to teach a child English, that we are chilling some relationship with the parents? That just doesn't make sense to me.

Dr. GARCIA. I am sorry. You may have misunderstood me. Teaching them, I see no problem. The communication with parents, the communication with family, that is critical. If that is disallowed then, again, I do think that would be an effective partnership with folks that you serve.

Mr. ISTOOK. I know the administration has certainly made a number of statements talking about responsibilities of citizens and responsibilities of parents as well. Do you think that a parent should have the responsibility to take upon themselves the need to be able to communicate with those who are involved with the education of their children?

Dr. GARCIA. Absolutely. So should the schools and those people who they serve. You, as a representative, should be able to commu-

nicate with your constituents. If they speak another language, I am sure you would want to learn to communicate with them.

EXCESSIVE ADMINISTRATIVE COSTS

Mr. ISTOOK. Sure. Let me ask you, I want to read something that is in an editorial in today's *Washington Post*. Now, this particular article, of course, is talking about the Washington, D.C. school system. But I think it makes a point that many people are concerned with regarding public schools in general.

And to quote from this part of the editorial, "Here is an indication of how far the school's bureaucracy to which some of the funds were rerouted has got out of hand. Fifteen years ago when the system enrolled 150,000 students, the superintendent drove himself to work, got by with one lawyer, and dealt with the public and press with the help of two people. Today the student enrollment has dwindled to 80,000 students and budget cuts are reducing hundreds of teaching positions, much school equipment and athletic gear. Yet central administration has discovered the mystery of eternal life. The superintendent commands a chauffeured-driven car, a legal staff of nine lawyers at a cost of more than \$559,000, a speech writer, two executive assistants, one administrative assistant, a communications director, and an assistant press secretary. That is before getting around to the vice superintendent, two deputy superintendents, and the group of associate superintendents, assistant superintendents, and directors who command a small army of executive and administrative assistants of their own."

Now, that is a 15-year snapshot, according to the *Washington Post*, of the school district right here in Washington, D.C. Can you talk to many people around the country who will give you similar comparisons with local school districts? And maybe I have missed somebody, but I don't recall hearing from the Federal Department of Education any proposals that a massive effort be taken, an aggressive effort be taken to eliminate a lot of the bureaucracy that has grown within the administrative level of the public school systems. Instead, we have proposals such as we have before us from your Department today asking for more funding for more administrative personnel.

INCENTIVES TO REDUCE ADMINISTRATIVE COSTS

Why is it that we are not hearing proposals to say we want to help reduce the number of administrative people in education?

Dr. GARCIA. I will ask Tom to comment as well. First of all, I walked to the hearing today.

Mr. ISTOOK. I commend you, sir.

Dr. GARCIA. Secondly, I think what we tried to do in the realignment of many of the Federal education programs is not to fund administrative positions, but to respond directly to assistance to local schools and to students. Our most important issue is, how can what we do affect teaching and learning, not how we can provide more administrators.

So as you look through all of our legislation and resources, all of that is guided by this notion of how can Federal resources really achieve our National Education Goals, particularly as they affect teaching and learning. And my colleague will respond, as well.

Dr. PAYZANT. I would love to respond. I was superintendent of schools in Oklahoma City, as you know, and for 10 years in San Diego, and I have had an editorial or two like that. But it doesn't have to all be that way. And I think it is clear that there can be, in a number of agencies, whether local, State or Federal, some streamlining and elimination of administrative expense.

When I went to San Diego, there were 108,000 students. When I left in June of 1993, there were 125,000. In that time, I cut central administration by 35 percent, with a significant increase in students.

And I moved more resources to the schools, where they ought to be. It didn't seem to matter how much I cut administrative expense. The perception was that if you just kept going and just had a superintendent and 12,000 employees and no other administrators, somehow things would be magic.

If you look at the data across the country, there really is a small percentage of school district budgets that is spent on administration. That is not to say there can't be more streamlining and consolidation. The same thing at the Department.

When the Department was in HEW, it had 7,700 employees. Today we have about 5,000 or 5,100. And we are, in our plans, streamlining even more in trying to get the dollars to where they are really going to count.

Mr. ISTOOK. But do we have any program whereby the Federal Government has ever offered any type of carrot on a stick or any other inducement to State or local schools to reduce their administrative personnel?

Dr. PAYZANT. Well, in the reauthorized Elementary and Secondary Education Act we have specified limits on set-asides for administrative dollars at the State level. We have provided flexibility for the consolidation of administrative dollars so they no longer have to be tracked program-by-program, which will give State agencies the flexibility to streamline and downsize some, if they choose.

We have stopped short of saying that a particular school district or State has to have this administrative configuration, because we think that steps over the line in terms of telling States and local school districts how to do their business.

Mr. ISTOOK. We all know it is a fascinating difficulty, especially because there are many different definitions of what constitutes administrative overhead and what does not. And those with experience in education have all seen personal examples of where the system has gained on that.

EDUCATION REFORM AND GOALS 2000

The final question I would like to pose, of course, Dr. Payzant, this was after you had left your job in Oklahoma, but we had a tremendous controversy over education in Oklahoma which came to a resolution in 1990, where an educational reform bill, commonly known as House bill 1017 in Oklahoma, ultimately was put on the ballot along with the tax package. There was extremely acrimonious debate, but ultimately by Statewide vote, the people of Oklahoma approved the program. And they did not wish to rescind it.

Now, that had a great reorganization of education within our State, and I know we were not alone in that process. That was du-

plicated in many other States. Now, I see Federal programs with massive new expenditures being proposed in essence inducing or inviting us to start over again.

I realize you may not share that interpretation of starting over. You may say it is an opportunity for adjustment, and we all know when money is dangled in front of local programs they want to find a way to take advantage of it. But the philosophical question here is, why do we not seem to hear a recognition of the fact that many States have already gone through the readjustment and reevaluation process that we are told now needs to be funded through Goals 2000? States that have done it very, very recently?

Dr. PAYZANT. The first point I would make, Congressman Istook, is that until all children in this country are achieving at high academic standards, I don't think we can be satisfied that our job is done. I used to say it this way in San Diego, where I had 160 schools. There are some schools that were knocking the tops off of the charts on their achievement, and were going around saying that they are very good, and they were.

And I said, as long as you have one child in that school that is not making it, you can't be satisfied. And I don't think there is any State in the Nation that if they look at what is happening to all of their children in the State, would be satisfied that they are all at the standards that those States would like them to be.

The beauty of Goals 2000 is it says that Oklahoma may be in one place, California in another, Maryland in a third, and here are some support dollars to pick up exactly where you are and move forward; not to start over, not to redo, but to build on what you have already begun to help every student in that State reach the standards that you want for all of the children in that State.

And I don't think there is a place in the country that can say that we are there yet in terms of world class academic standards that are going to make our kids compete successfully in the economy of the 1990s and beyond, and be the kinds of citizens that will keep this democracy vibrant.

Mr. ISTOOK. Of course, part of what that is saying, and I realize not the only part, but part of what I am saying is we haven't achieved perfection, then we need more multibillion-dollar programs. And sometimes you need to let systems that have been put in place work before constantly fiddling and readjusting them and therefore sometimes undercutting their ability to work. There is something to be said for stability in the process as well.

Dr. PAYZANT. There is, but there is a significant shift in approach from suggesting that what you do is throw a lot of narrowly focused categorical programs at a problem to get improved teaching and learning, which is what has been the pattern at all levels over the years, and saying, no, let's move away from fragmented programs. Let's decide what the major places of impact are—standards, good teachers, parent involvement, safe schools—pull the pieces together in a comprehensive kind of effort at the State and local and school level. There aren't a lot of places that have really gotten there with respect to pulling the pieces together to have an impact for all kids.

Mr. ISTOOK. Thank you, Mr. Chairman.

TARGETING TITLE I FUNDS

Mr. BONILLA. Thank you, Mr. Istook. I have just a couple of remaining questions, if I could, Dr. Payzant. Regarding Title I, do you believe that virtually all of the 15,000 districts in this country should receive Title I funds?

Mr. PAYZANT. Our position, Congressman Bonilla, is that the districts that have the highest concentration of poor children should be getting the bulk of those dollars. And what we proposed in our original Administration bill was to move dollars in that direction, recognizing the political realities of how difficult it is to move dollars away from one State or one school district to another.

So, no, not every school district should be receiving Title I dollars. The ones that have the greatest need, the greatest numbers of poor children, should be the ones that are getting the focus and the attention.

TITLE I BUDGET REQUEST

Mr. BONILLA. I have a question now about targeted grants that amount to \$1 billion. Shouldn't that be a larger amount to assist some of these higher concentrated areas of low-income families that need help? \$1 billion is only 13.5 percent of the entire fund.

Dr. PAYZANT. Ideally, yes. I have learned a lot about practical politics in the last year and a half, and found how difficult it was to get the amount of targeting that was ultimately approved in the reauthorized ESEA.

Our goal would be to continue to move in that direction in the years ahead. And if in the committee's wisdom more money was put into the targeted assistance—the billion dollars, I don't think you would hear us squabbling.

Mr. BONILLA. Tell me how you reached the billion-dollar figure. I am sorry, Mr. Corwin.

Mr. CORWIN. There is also Title I concentration grant money which we would hold at the current 1995 level, which is better than \$600 million, and that is also pretty well concentrated, too. So we are, we think, moving a significant amount of money in the right direction.

Mr. BONILLA. And how did you reach the billion-dollar figure in the first place on the targeted grants?

Dr. PAYZANT. Not scientifically. We wanted to make a statement that we were still very, very serious about concentrating the dollars. And I guess it is like putting the sale price on a house. If you put \$200,000 rather than \$199,000, it seems like it is a lot more money. A billion seemed like a lot more than \$999 million.

Mr. BONILLA. I appreciate your candor, Dr. Payzant. I did not know that that is how the figure was decided upon.

What would happen if we targeted the grants at half of \$7.4 billion for all of Title I?

Dr. PAYZANT. We could give you a more specific answer for the record by actually trying to figure out what the impact would be. There would be a dramatic shift of dollars. I can't tell you off the top of my head in terms of how many districts would—or schools would no longer be eligible and no longer participate, and how

many dollars would go to other schools. But we could get impact data for you, if you would like us to.

Mr. BONILLA. I would appreciate that.

[The information follows:]

IMPACT OF TITLE I TARGETING

If 50 percent of the Title I Grants to Local Educational Agencies appropriation were allocated through the "Targeted Assistance Grants," the proportion of funding going to the poorest counties and school districts would increase significantly.

Currently, the Department makes allocations only to the county level, and States then sub-allocate to local educational agencies. In fiscal year 1995, the poorest quartile of counties (i.e., counties with the highest child poverty rates) will receive approximately 42.6 percent of Title I funding while, at the other end of the spectrum, the wealthiest quartile will receive 11.0 percent. For 1996, at the requested budget level, but with only the amount of funding in excess of the 1995 appropriation channeled through the new "Targeted Grants" mechanism, these percentages would change only very slightly. The Department's proposal to provide \$1 billion through the Targeted Grants, however, would raise the share for the poorest quartile to 43.6 percent and lower the share for the wealthiest to 10.5 percent. A more radical policy of allocating half the money through Targeted Grants would provide the poorest quartile with more than 46 percent of the money and the wealthiest quartile with under 10 percent.

The effect of these policies can also be assessed by looking at their impact on some individual counties. East Carroll Parish in Louisiana is a poor rural county with a child poverty rate of almost 70 percent. It will receive about \$1.2 million from Title I in 1995, \$1.3 billion at the requested budget level with no further targeting, \$1.4 billion under the Administration's proposed policy, and almost \$1.7 million if half the money went out under Targeted Grants. The city of Philadelphia, with a 30 percent poverty rate, will receive about \$82 million in 1995, \$87 million in 1996 if there is no further targeting, \$89 million under our proposed policy, and \$95 million if half the money is for Targeted Grants. On the other hand, the four comparable figures for Loudoun County, Virginia, in which only 3 percent of all children live in poverty, are \$408,000; \$418,00; \$380,000; and a little over \$300,000.

Allocating half the funds through Targeted Grants would also have a significant impact on funding across States. Several States, such as California, Texas, New York, Arizona, Illinois, Mississippi, North Carolina, and South Dakota, as well as Puerto Rico, would receive gains in excess of 10 percent of their 1995 allocations. States like Indiana, Iowa, Kansas, Maine, and Oregon would lose at least 10 percent.

CLOSING REMARKS

Mr. BONILLA. You are still smiling so it must not have been a very painful hearing. I suppose we have exhausted our questions today and we certainly appreciate you coming and talking to us and answering our questions.

This committee will stand in recess until 10:00 a.m. tomorrow. Thank you.

[The following questions were submitted to be answered for the record:]

DEPARTMENT PROFESSIONAL DEVELOPMENT ACTIVITIES

Mr. Porter. The Eisenhower Professional Development program is for the purpose of supporting high quality professional development of teaching professionals. Within the School Improvement account, there are also training components in Safe and Drug-Free Schools (for parents and presumably for professional educators); there is curriculum development authority for professional development in Arts in Education, there is a similar authority in Women's Educational Equity and in Education for Native Hawaiians. There are multiple professional development components in Bilingual and Immigrant Education, Special Education, Adult and Vocational Education and other authorities.

How many separate programs for professional development are there under the jurisdiction of the Assistant Secretary for Elementary and Secondary Education and how much do we spend on them?

Dr. Payzant. Under the Office of Elementary and Secondary Education, only four separate programs explicitly address professional development/teacher training: Eisenhower Professional Development State Grants, Christa McAuliffe Fellowships, Indian Education Personnel Development, and Training in Early Childhood Education and Violence Counseling. The combined fiscal year 1995 appropriation for these programs was \$339.7 million. In 1996, the Department proposes to end the separate Christa McAuliffe Fellowship program, however, an existing teacher training competition that is carried out under the Eisenhower Professional Development Federal Activities authority in the Education Research, Statistics, and Improvement account will be renamed as a continuing memorial to Christa McAuliffe. The fiscal year 1996 budget request for the Eisenhower State Grant program is \$751.1 million, an increase of \$411.4 million.

There are also other broader authorities administered by the Office of Elementary and Secondary Education, such as the Safe and Drug-Free Schools and Communities program and Title I, that give the States and local districts the flexibility to use these funds on professional development activities if they choose to do so. However, the Eisenhower Professional Development State Grants program is the only program that provides formula grants to virtually all local educational agencies (LEAs) for sustained and intensive high-quality professional development for all teachers in the core academic subjects.

DEPARTMENT PRIORITIES AND PROFESSIONAL DEVELOPMENT

Mr. Porter. In assembling your budget for Eisenhower Professional Development, how do you factor in these authorities (both those under your direct jurisdiction and those funded elsewhere in the Department) in determining the scarce resources available to the Department to be allocated to this activity?

Dr. Payzant. In these times of fiscal constraint, the Department has attempted to focus its funding choices on the Department's priorities. Teacher training and retraining is one of those priorities. Our 1996 budget request would end the Innovative Education

Program Strategies program (formerly Chapter 2) and redirect its funds into the Eisenhower program. Recent evaluations of the Chapter 2 program have determined its ineffectiveness and lack of focus in school reform. A bolstered Eisenhower program will have a more significant impact not only on teachers, but also on their students.

Although professional development is an allowable activity under a number of authorities under the Department's jurisdiction, the Eisenhower Professional Development State Grants program remains the only program that devotes all funding to professional development activities, involves teachers in the planning of those activities, and includes all teachers of the core academic subject areas.

DEPARTMENT MONITORING OF THE EISENHOWER PROGRAM

Mr. Porter. What assurances do we have that individuals are not receiving multiple payments for essentially the same development activity?

Dr. Payzant. The State performance report required of every State educational agency (SEA) includes a section on funding coordination, where States must inform the Department of additional sources of Federal or non-Federal funding for their professional development activities. These reports are required triennially.

Moreover, the amount of time that teachers can devote to professional development is limited, as is the funding that a school district receives for that purpose. Teachers generally participate in professional development activities, but do not receive "payments" for it. (That is, they continue to receive their regular salaries, but do not get extra payments for participating in training.) For these reasons, it is highly unlikely that teachers would receive multiple payments for their professional development opportunities.

COORDINATION BETWEEN TITLE I AND OTHER PROGRAMS

Mr. Porter. The Subcommittee last year asked for a report on the coordination between Title I and other programs such as Head Start. Could you give us a preview of the activities that are occurring at the Federal, State, and local level to coordinate these programs that often deal with the same children?

Dr. Payzant. At the Federal level, we are working closely with other agencies on collaborative activities to ensure that young children start school ready to learn. Most of these activities will help provide technical assistance to States and communities so that they will be able to integrate services more effectively. Some examples of our collaborative activities with the Department of Health and Human Services include:

- Developing a coordinated plan for early childhood research activities through a new Early Childhood Research Working Group, comprised of representatives from Head Start and 12 other agencies. The group met for the first time in January.

- Co-funding technical assistance activities, through the Department's Regional Education Laboratories, to promote understanding of child development and strengthen linkages between Head Start programs and elementary schools.
- Preparing a joint plan to help schools and districts implement ESEA reauthorization provisions that require Title I preschool programs to comply with Head Start performance standards beginning in 1997.

TITLE I SCHOOLWIDE PROGRAMS

Mr. Porter. The Subcommittee also evidenced concern that the categorical nature of funding created severe problems at the local level and they directed the Secretary to make every effort to encourage participation in the schoolwide program. I know from your justification that regulations are in process. Could you tell us how you are going to improve participation in schoolwide programs and, more generally, how you are going to deal with the problems of coordination and accountability caused by the multiplicity of categorical programs in your and other agencies dealing with disadvantaged children?

Dr. Payzant. The reauthorized Elementary and Secondary Education Act addresses some of the major roadblocks that, in the past, prevented schoolwide programs from reaching their full potential. For example, in addition to expanding the number of high-poverty schools eligible for schoolwide programs, new provisions permit schools operating schoolwide programs to combine Title I funds with those from other Federal programs and reduce individual program reporting requirements. In addition, to help overcome local reluctance to begin schoolwide programs, the new law requires that schools spend a full year planning schoolwide programs before implementation.

Another important feature of the law is the new authority for the Department to grant waivers from Federal statutory and regulatory provisions impeding local reforms. In fact, the Department has just approved the first waiver request under this new authority, which gives Florida's Palm Beach County School District the flexibility to expand its schoolwide programs. Without the waiver, the district would have been required to follow statutory rules about serving schools in rank order, which would have prevented action on a long-standing local plan to implement schoolwide programs in all of the district's elementary schools.

New regional and State technical assistance mechanisms will help ensure that districts and schools get the help they need to implement successful schoolwide programs. For example, the new Comprehensive Regional Assistance Centers will spread knowledge about school-based reforms and help schools, districts, and States utilize findings. Also, under Title I, new State-established "school support teams" will help schools develop their schoolwide plans and review school progress against those plans. States and districts have already begun to plan new schoolwide strategies. Department staff are participating on pilot school support teams in Texas and the District of Columbia, and more than half the

States will soon sponsor, or have already completed, major workshops or conferences on designing and implementing schoolwide programs.

More generally, the Department is involved in a number of activities to address problems of coordination and accountability across programs and agencies. For example, we are co-funding research on early childhood education and parent involvement with the Departments of Health and Human Services and Labor, to help refocus Federal early intervention programs based on solid evidence of what works instead of using categorical program mandates. In addition, we are participating on interagency task groups to plan ways to provide across-the-board assistance to help States and communities meet coordination requirements in Title I, Head Start, school nutrition, and other programs. Also, we are providing technical assistance to help States address new accountability and coordination requirements across programs, through peer review of State plans, by facilitating joint planning between State-level education, social service, and adult literacy efforts, and by disseminating information through an "ideabook" series that addresses major issues across categorical and agency programs.

EDUCATION FOR HOMELESS CHILDREN AND YOUTH

Mr. Porter. The Education for Homeless Children and Youth program certainly has a worthwhile title. However, reviewing the activities, it funds offices of coordinators in States, planning activity, and "...activities that ensure that all homeless children in the State have access to free appropriate public education." How much of this money is actually used to teach homeless children?

Dr. Payzant. The Education for Homeless Children and Youth program is primarily an education access program. By law, services provided with Homeless Children and Youth funds cannot replace the regular academic program and must be designed to expand upon or improve services provided as part of the school's regular academic program. While Homeless Children and Youth funds cannot support direct teaching in the classroom, consistent with the law, Federal resources help improve homeless children and youth's access to a free, appropriate public education and support services to help minimize disruptions in homeless children's education.

The law permits States to retain either 5 percent of their allocation or the amount of their 1990 allocation, whichever is greater, to operate the Office of Coordinator of Education of Homeless Children and Youth, which the McKinney Act requires States to establish. If States retain for operation of the Office of the Coordinator the equivalent of their 1990 allocation, then \$4.9 million of the \$28.8 million appropriation would be used at the State level to promote access for homeless children and youth.

States would subgrant to local educational agencies the remaining \$23.9 million. Local educational agencies would use these funds to support before- and after-school tutoring, transportation, and the purchase of school supplies for homeless children and youth. Federal funds would also train educators and other school personnel on the rights

and needs of homeless students and promote coordination between schools and agencies serving homeless children and youth.

Prior to the reauthorization, the McKinney Act required a local educational agency to spend at least 35 percent of its Homeless Children and Youth funds on "related activities," including the provision of health referral services, parent education and training, and coordination activities, and not less than 50 percent on "primary activities," such as tutoring and remedial education services. The reauthorization eliminated these percentage restrictions, permitting local educational agencies, if they choose, to devote even greater resources to educational services. Assuming that local educational agencies continue to use at least 50 percent of funds for tutoring and similar academic enrichment activities, a minimum of \$12 million would be used to teach homeless children and youth.

COMPREHENSIVE REGIONAL ASSISTANCE CENTERS

Mr. Porter. Your budget proposes to spend \$55 million for Comprehensive Centers that will carry out technical assistance in a number of areas. How will the Centers' efforts to improve the quality of instruction, curricula, assessments, and other aspects of school reform in Title I schools differ from seemingly similar activities under Goals 2000 National Programs (fiscal year 1996 request of \$15 million) and the demonstration and evaluation authorities under Title I (combined fiscal year 1996 request of \$36 million)?

Dr. Payzant. For Title I, our budget requests \$11 million for evaluations and \$25 million to implement the new Demonstrations of Innovative Practices program. Evaluations conducted with Title I funds provide the independent information that members of Congress, Department officials, and taxpayers need to know about the education impacts and improvements resulting from the \$7 billion Title I program. There is no overlap between the Title I evaluation function and the activities of the Comprehensive Regional Assistance Centers, which will be providing technical assistance, not conducting national evaluations of Federal programs. Evaluation is also at the core of Title I demonstrations, which would test the worth of various whole-school approaches and other strategies for educating disadvantaged children. These demonstrations would help ensure that reforms to Title I programs significantly narrow the gap between the lowest-achieving children, especially in high-poverty schools, and other children. They would be rigorously evaluated to produce reliable evidence of effectiveness, and supported with dissemination efforts that channel findings to Title I schools for use in their own reforms.

Technical assistance provided through the Goals 2000 National Programs is tied directly to the development and implementation of comprehensive reform plans that integrate all components of the education process including teaching, curricula, and assessment. National Programs funding will address the integration and alignment of the various aspects of the education reform process. Technical assistance provided by the Comprehensive Centers will focus in greater depth and detail on the specific activities authorized under the Elementary and Secondary Education Act in the context of education

reform -- including professional development, curriculum frameworks, and reliable and valid assessments.

Goals 2000 National Programs will support reform activities through grants to States, districts, and non-profit organizations to: (1) support reform initiatives in urban and rural school districts characterized by high poverty and concentrations of limited English proficient students; (2) develop and field-test assessments that can judge student progress toward reaching State and local academic standards; and (3) support national demonstration and model projects that unite local districts and State educational agencies, institutions of higher education, government, business, and labor, in collaborative arrangements in order to make education improvements systemwide.

Mr. Porter. How will the Centers' efforts to implement high-quality professional development activities differ from activities under the Eisenhower Professional Development program?

Dr. Payzant. The Eisenhower program is designed to provide teachers with sustained and intensive high-quality professional development, in the core academic subjects, to enable educators to teach to high standards and to support continuous improvement in teaching and learning. In comparison, professional development is not the major focus of the Comprehensive Regional Assistance Centers program. In fact, only a fraction of the \$55 million requested for the Comprehensive Centers will support teacher professional development. However, it is appropriate for the Centers to engage in some professional development activities so that they can provide technical assistance directly to educators within a more comprehensive context designed to help schools and communities coordinate all of their programs and funding sources in ways that benefit entire schools and school systems.

Mr. Porter. How will the Centers' efforts to expand the involvement and participation of parents differ from parental training for Safe and Drug-Free Schools under the Governor's funds authority, parental education under Even Start, parental assistance under Goals 2000, and other authorities?

Dr. Payzant. The Centers' efforts to expand the involvement and participation of parents will complement, but not duplicate, similar efforts under other Department of Education programs.

For example, under the Department's 1996 budget request, the Even Start early intervention program is proposed for consolidation with Adult Education and Family Literacy programs. The evaluation of the Even Start program, which was just transmitted to Congress, shows that families have diverse needs, and that there is no evidence that any one approach to parent involvement -- through adult literacy, parenting education, or combinations of activities -- works best with all families. The Comprehensive Centers will be better able to address the needs for multiple approaches to parent and family involvement, to provide more intensive support for families in high-poverty communities, and help ensure that local efforts produce better results.

Title IV of Goals 2000 will provide funds to non-profit organizations (and consortia of non-profit organizations and local educational agencies) to establish Parent Resource Centers. These Centers will provide a direct service to parents and schools and will include information, training, and support to improve the connection between parents and schools in approximately 40 communities throughout the country. The Comprehensive Regional Assistance Centers will provide help to the State and local projects.

Mr. Porter. How will the Centers' efforts to reform school systems differ from similar efforts funded under Goals 2000?

Dr. Payzant. Goals 2000 provides funding directly to States to develop and implement each State's comprehensive reform plan and for funding to districts and schools for education improvement planning and initiatives, for pre-service teacher training, and for professional development. Goals 2000 funds go directly to the State and flow through to districts and schools (and to districts working in consortium with colleges, universities, and non-profit organizations) to improve teaching and learning. It is up to the States, districts, and schools to determine how to use these funds most effectively to improve achievement by all students. The Comprehensive Regional Assistance centers will assist States, districts, and schools with education reform in the context of Elementary and Secondary Education Act programs.

OPPORTUNITY-TO-LEARN STANDARDS

Mr. Porter. As I am sure you are aware, many feel that the concept of opportunity-to-learn standards is really an attempt by the Congress and Federal bureaucrats to force States to reform their educational funding systems. The Department certainly seems to place great emphasis on this standard-setting activity as it appears in the Goals 2000 National Programs. You indicate in your budget justification that Title II authorizes grants "...to develop voluntary opportunity-to-learn standards." Later on, your justification indicates that under your overall research, demonstration, and technical assistance activity, you will provide "technical assistance to State and local educational agencies to help them achieve a greater degree of school financial equity among LEAs in the State." Would you describe what the Department understands the term "opportunity-to-learn standards" to mean?

Mr. Payzant. While there was extensive and often heated debate about opportunity-to-learn standards during the Congressional enactment of Goals 2000, it is important to focus on what the final Goals 2000 legislation actually requires. After the legislation passed, Congressman Goodling wrote to the Pennsylvania State Senate strongly urging his State's participation, and he made clear that he fought throughout the legislative process to ensure

that participation is purely voluntary. About opportunity-to-learn standards he had this to say:

"First, while a State must develop opportunity to learn standards or strategies, they only have to include those factors it deems appropriate to achieve a State's content and performance standards. In other words, OTL standards or strategies are whatever a State wants them to be as long as they are focused on improved student learning."

The Goals 2000 statute defines opportunity-to-learn standards as: "the criteria for, and the basis of, assessing the sufficiency or quality of the resources, practices, and conditions necessary at each level of the education system (schools, local educational agencies, and States) to provide all students with an opportunity to learn the material in voluntary national content standards or State content standards."

Those who believe that opportunity-to-learn standards are an attempt to force States to reform their education funding systems are incorrect. Section 306 of Goals 2000 makes clear that the implementation of opportunity-to-learn standards by States, local educational agencies, and schools is voluntary. Furthermore, the Goals 2000 opportunity-to-learn provisions do not mandate equalized spending per pupil for a State, local educational agency, or school, nor do they mandate national school building standards. Other provisions contain similar protections. Under Section 213, no State may be required to obtain certification of its standards or to participate in Title III of Goals 2000 as a condition of participating in any Federal education program. Section 318 states that nothing in Goals 2000 authorizes any Federal official to direct State or local decisions about curriculum or allocation of State or local resources.

Mr. Porter. What, if anything, does the empirical research suggest about the relation of funding to student achievement?

Mr. Payzant. Researchers have been hotly debating this question for years. Some studies have found that student achievement is higher in districts with higher levels of per-pupil expenditures, teacher salaries, or teacher experience, while other studies have found results that were either negative or statistically insignificant.

Hanushek (1990) examined the results of 187 such studies and concluded that the conflicting and often statistically insignificant findings indicate no strong or systematic relationship between school spending and student performance. However, other researchers have challenged Hanushek's conclusions. Hedges et al (1994) concluded that re-analysis of Hanushek's 187 studies, using more powerful analytic methods, showed strong support for some positive effects of education resources. Some studies of high-cost educational strategies suggest that resources can make a difference. For example, Ferguson (1991) analyzed the instructional qualifications of Texas teachers in relation to student test scores and concluded that higher literacy skills among teachers, reductions in class size, and more experienced teaching staffs were all related to improvements in student test scores.

The National Academy of Sciences is just initiating a comprehensive study of elementary and secondary education finance, with funds appropriated for this purpose to the Department in 1995, that should add to our understanding of this complex issue. The study, to be conducted over the next 3-1/2 years will examine how education finance systems can be designed and implemented to (1) provide the capacity and incentives to ensure that all students achieve high levels of learning, and (2) ensure that education funds are used in the most productive manner possible.

GOALS 2000 - PARENTAL ASSISTANCE

Mr. Porter. I am skeptical of the concepts of parental assistance as embodied in the Goals 2000 program. We have seen many examples of Federal funding to not-for-profits at the National, State, and local levels turn from a training activity to the development of a local advocacy program for one "brand" of reform with built in Federal funding for advocating training among parents. How can you assure the Committee that these training programs will not simply turn into an advocacy program supporting those in a local community who support the Federal standards rather than some equally defensible approach?

Mr. Payzant. First of all, there are no Federal standards. Under Goals 2000, each State will adopt its own standards, so all parents should be working with State and local groups to ensure that they are as informed as possible and that their views are considered. Thirty years of research shows that greater family involvement in children's learning, during both the preschool and school-age years, is a critical link to higher school performance. Parent centers can help parents be better informed about school activities and the ways in which they can support children's learning, expand opportunities for parental contacts with schools, and reduce cultural, language, and other barriers to cooperation between families and schools.

There is compelling evidence that what families do to help their children learn is more important to student success than the family's income or education. This evidence indicates that improved school performance as a result of increased parental involvement is attainable. But parents and teachers alike need help to find ways to communicate effectively with each other and work cooperatively to support children's learning.

The Goals 2000 parent assistance centers are intended to help parents increase their knowledge and confidence in child-rearing activities so that they can enhance their children's developmental progress. The centers also can provide opportunities for individuals who work with parents to strengthen partnerships between parents and professionals in meeting the educational needs of children and improving the relationship between home and school.

EDUCATION INFRASTRUCTURE

Mr. Stokes. Recently, the GAO issued a report indicating that the estimated price tag to improve the infrastructure of America's schools totaled \$112 billion. A number of elementary and secondary schools across-the-country including many in my district are in

dire need of repair and renovation. According to the Congressional Justification, the Department proposed to eliminate \$100 million for the Education Infrastructure program. These funds were appropriated just last year, particularly for needy schools. How do you reconcile your action with the recent GAO report?

Mr. Payzant. The recent GAO report highlighted the need to improve the infrastructure of our local schools, and while we may have some methodological concerns with this report, it is clear that some LEAs have a serious need for construction assistance. Therefore, we reconsidered our original budget request, and proposed instead that \$35 million be provided in fiscal year 1995 and fiscal year 1996 for Education Infrastructure.

Because the scope of the need for construction assistance is much greater than we can realistically address through a Federal grant program, we are exploring alternative means to assist LEAs in financing construction, including expanding the authority of the College Construction Loan Insurance Association (Connie Lee) to make and guarantee loans to LEAs.

Until other appropriate assistance can be identified and authorized, the \$70 million we have proposed over two years will allow us to begin to address the infrastructure problems in a few of the neediest school districts.

IMPACT OF SCHOOL VIOLENCE ON TEACHING AND LEARNING

Mr. Stokes. What is your assessment of safety in the Nation's schools, and what impact does this problem have on students' ability to learn and teachers' ability to teach?

Dr. Payzant. During the past ten years, threats and injuries to students and theft and vandalism of student property have risen significantly. Also on the rise has been the number weapons confiscated in schools. However, while most school administrators agree that school crime and violence have been on the increase, the exact rate of increase has been difficult to determine because of poor or non-existent record keeping. What we do know about school crime and violence primarily comes from several national, Statewide, and local surveys. Those surveys paint a rather bleak picture; it is hard to believe that school crime and violence do not have a substantial, negative effect on students' ability to learn and teachers' ability to teach. Following is a summary of those survey findings.

Students Injured and Sexually Assaulted

- Nearly 3 million thefts and violent crime occur on or near school campuses every year. This equates to almost 16,000 incidents per school day, or one every six seconds. Nearly 2 million of these incidents are considered violent crimes, and they include rape, robbery, assault, and murder. [Department of Justice, Bureau of Justice Statistics, 1991]

- Findings from a 1990 Texas A & M University study indicated that many rural public schools, particularly those near large cities, have even worse violence problems than the national average.

Weapons in Schools

- Nearly 20 percent (one in five) of all students in grades 9-12 reported they had carried a weapon at least once during the 30 days preceding the survey. Knives or razors (55 percent) were carried significantly more often than clubs (24 percent) or firearms (20 percent). (The survey did not obtain information about whether the weapons were carried on school grounds.) [Center for Disease Control and Prevention, Youth Risk Behavior Surveillance System, 1991-1992]
- In 1992, 9 percent of 8th graders, 10 percent of 10th graders, and 6 percent of 12th graders reported that they had brought a weapon to school at least once during the previous month. The percentages of students, by grade, who habitually carried a weapon to school (10 or more days in the previous month) were 2 percent, 4 percent, and 3 percent, respectively. [University of Michigan, National Education Goals Report, 1993]

Guns

- Fifty-nine percent of the students surveyed nationwide said guns are easily obtainable, while 35 percent said it would take them less than 60 minutes to get one. More than one in five (22 percent) of the students claimed that they carried a weapon to school during the last school year, with 4 percent saying that the weapon was a handgun. [Poll conducted by the Louis Harris Corporation, sponsored by the Joyce Foundation in Chicago and prepared for the Harvard School of Public Health, July 1993]

Fights

- Nearly 8 percent of all students in grades 9-12 reported that, during the 30 days preceding the survey, they had been in at least one physical fight that resulted in an injury requiring treatment by a doctor or nurse. (The extent to which physical fights occurred on school premises was not determined.) [Center for Disease Control and Prevention, Youth Risk Behavior Surveillance System, 1991-1992]

Gangs

- Over one-third (35 percent) of all students report that other students at their school belong to fighting gangs. The rate is highest for senior high schools (41 percent) and lowest for elementary schools (17 percent). [National Center for Education Statistics and Westat, Inc., 1993]

Teachers Being Assaulted

- Nearly one out of five (19 percent) public school teachers reported being verbally abused by students in the four weeks preceding the survey; 8 percent reported being physically threatened, and 2 percent reported being physically attacked. [National Center for Educational Statistics, 1991]

Attitudes About School Violence

- Ninety-seven percent of superintendents and school principals at all levels stated that they sense a rise in school violence in the Nation during the past five years. Thirty-nine percent of those polled stated that their district had an increase in school violence. [Study conducted by Xavier University for the National School Boards Association, 1992]

Students Killed

- Although National records are not kept, data collected by the Department of Education and the Centers for Disease Control and Prevention indicate that approximately 50 persons (students, teachers, faculty, and others) were killed in schools, on their way to school, or on school property during each of the last two school years (School Year 1992-1993 and 1993-1994).

Students Reluctant to Go to School or Transfer Schools Because of Fear of Violence

- In a survey of 65,000 teens USA Today found that 37 percent of students don't feel safe in school. (This is almost double the percentage in a similar USA Weekend survey taken in 1989). Fifty percent of students know someone who switched schools to feel safer; 43 percent of public school students avoid school restrooms; 20 percent avoid hallways; and 45 percent avoid the school grounds. Fifty-five percent of students in grades 10-12 know weapons are regularly in school, and 20 percent of all teenagers would not report a peer carrying a gun. (In 1989, 41 percent of 10-12 graders said they knew somebody who carried a weapon to school.) [USA TODAY Weekend August 13-15, 1993]

NEED FOR SAFE AND DRUG-FREE SCHOOLS PROGRAM

Mr. Stokes. The subcommittee proposes to rescind, completely eliminate funding for the Safe and Drug-Free Schools program. The rationale has been that this program duplicates other Federal activities, particularly those of the Center for Substance Abuse Prevention under the auspices of the Department of Health and Human Services. Could you comment on two components of this argument -- one, that the Safe and Drug-Free Schools program is duplicative, and two, the program is no longer needed?

Dr. Payzant. It is a gross exaggeration to suggest that the Safe and Drug-Free Schools and Communities (SDFSC) program duplicates other Federal anti-drug programs. The SDFSC program is a prevention program; the majority of funds in both the 1995 and 1996 budgets for Health and Human Services (HHS) drug control programs are for treatment, not prevention.

By and large, HHS does not support drug prevention programs in schools, whereas school-based prevention is the primary purpose of the SDFSC program. While many of the HHS drug prevention programs have school-based components, most of the funding for HHS drug prevention programs is directed at the State level (e.g., for developing statewide systems), at the community level, or at adults. A few other Federal agencies outside of HHS, such as the Departments of Housing and Urban Development and Justice, also spend money on prevention, broadly defined, but not on school-based programs.

The Safe and Drug-Free Schools and Communities program is still very much needed for the following reasons:

- Violence, crime, and drug use in schools are a major concern of parents, administrators, and community officials. These persons recognize that learning cannot take place in schools where alcohol and other drugs are used or sold, or where there is crime and violence or even the threat of crime and violence.
- Safe and Drug-Free Schools and Communities funds are the primary Federal resources available to target these problems. While there are other Federal programs that address youth crime and drug prevention, *none* of them targets schools as the SDFSC program does, and research has consistently shown that schools have a major role to play in youth development and crime prevention. In fact, no other Federal program deals with the issue of school safety or provides resources to schools for crime and violence problems incurred in schools.
- Schools are *the only place* where the entire youth population is gathered together, and, therefore, offer an excellent venue for addressing this group.
- Without these funds, schools will be required to divert "educational resources" for what many consider "non-educational" services and programs.
- While education is primarily a State and local function and responsibility, the Federal Government has a role in providing leadership, training, and technical assistance in this area, collecting and synthesizing data, conducting demonstration programs, and providing limited financial assistance to schools. Without Federal involvement these functions, which are vital to the development of an effective learning environment, will not be implemented.

EISENHOWER PROFESSIONAL DEVELOPMENT

Mr. Stokes. Could you tell the Subcommittee a little bit about the Eisenhower Professional Development State Grants program and why it is an important part of the education continuum?

Dr. Payzant. The Eisenhower Professional Development State Grants program provides formula funding to State and local educational agencies and institutions of higher education to support sustained and intensive, high-quality professional development in all core academic subjects. Its purpose is to ensure that all elementary and secondary teachers are able to provide challenging learning experiences for their students. With three National Education Goals directly related to student academic achievement and teacher preparation, this program serves as the major Federal vehicle for helping to attain those Goals.

This program recognizes that the training and retraining of our Nation's educators is a vital component of education reform and is a crucial piece to the Department's overall goal of all children achieving to high academic standards. It not only provides the activities necessary to help teachers remain current in their subject areas throughout their careers, but it also ensures that students receive up-to-date instruction laying a strong foundation for lifelong learning.

FEDERAL ROLE IN PROFESSIONAL DEVELOPMENT

Mr. Stokes. As you are aware, the proposed rescission would cut \$60 million in funding from the Eisenhower Professional Development State Grants program. Aren't school districts already providing enough in-service training to teachers? Why is Federal assistance warranted especially in times of economic constraints?

Dr. Payzant. Over 90 percent of all LEAs and approximately 1,100 institutions of higher education participate in the Eisenhower program each year. According to program coordinators at the State and local level, the Eisenhower program is a significant funding source for in-service training; in many cases, it is the only source of funds for retraining activities.

These Federal funds, with the required one-third local match, will enable districts to provide more effective professional development for their staff. Under the LEA formula grants portion of the antecedent program (the Eisenhower Mathematics and Science Education State Grants), mathematics and science teachers averaged only 6 hours of training a year. The new program, with adequate funding, can enable all educators to receive consistent training that will actually have a real impact on their students' learning. By providing funds that will, over time, provide every teacher in this country with professional development, the Federal Government can set as high a standard for the Nation's educators as it does for the Nation's children.

The proposed rescission would negatively affect the program's efforts in professional development activities beyond the disciplines of mathematics and science. The authorizing statute requires that a minimum of \$250 million of the funds provided for this program support professional development activities in mathematics and science. Thus, after the proposed rescission, only \$10.3 million would be available across the 50 States, Puerto Rico, and the District of Columbia, for professional development in other core academic subjects.

IMPACT OF EISENHOWER PROFESSIONAL DEVELOPMENT PROGRAM

Mr. Stokes. How much is included in the fiscal year 1996 budget request for this program, and what is the rationale for this investment. What is the expected payoff?

Dr. Payzant. The Administration's fiscal year 1996 budget request for this program is \$735 million, a \$414.7 million increase over the fiscal year 1995 appropriation for Eisenhower Professional Development State Grants. This request is also a \$67.5 million increase over the comparable fiscal year 1995 combined appropriation for Eisenhower Professional Development State Grants and Innovative Education Program Strategies.

This program requires sustained and intensive professional development activities that replace former activities that were "one-shot," offered limited follow-up, and were isolated from school and district goals. It also encourages, and in some cases requires, educators at the State and local level, as well as across elementary, secondary, and higher education, to work in partnerships to develop comprehensive professional development plans. This coordinated approach will create a greater impact on teaching at all educational levels.

At the proposed funding level:

- State educational agencies would receive an average of \$11.8 million for grants to local educational agencies and for Statewide activities and administration. These activities would permit States to develop and implement a comprehensive professional development strategy to support local district efforts.
- States would receive an average of \$2.2 million for grants to institutions of higher education and eligible nonprofit organizations for professional development activities that supplement and enhance LEA and State programs.
- Eisenhower funds at the local district level, coupled with the required local match, should be sufficient to provide, on average, over \$50,000 for professional development activities for every school district in the country.

With appropriate funding, this program will, over time, provide every teacher with the high-quality, intensive professional development needed to raise the level of teaching and learning in America's classrooms.

EDUCATION FOR HOMELESS CHILDREN AND YOUTH

Mr. Stokes. The fiscal year 1995 rescission would hit hardest some of our Nation's most vulnerable populations -- children, elderly, the homeless, and hard working families. With respect to the homeless, funding would be eliminated for the Education for Homeless Children and Youth program. While the special needs of homeless children have been well documented, the rationale used to justify the program's elimination is that the main impact of this program is to fund positions in State bureaucracies. Would you comment on this rationale and the effect the rescission would have on the individuals served by this program?

Dr. Payzant. The Education for Homeless Children and Youth is primarily an education access program necessary to ensure equitable education services for one of the Nation's neediest and fastest growing groups of children. The significance of the program is not as a Federal categorical program that provides funds for direct services, but as a program intended to leverage access to and coordination of existing resources to meet the educational needs of homeless children.

While it is true that a key aspect of the program is the statutory requirement that States establish and maintain an Office of Coordinator of Education of Homeless Children and Youth to ensure that homeless children and youth have access to the same free, appropriate public education as provided to other children, most of the Coordinators have responsibility for a variety of education programs. Close to half of the State Coordinators report devoting 20 or fewer hours per week to their Coordinator responsibilities, while only 16 State Coordinators work at least 35 hours per week on the Education for Homeless Children and Youth program.

Despite virtually no full-time staff at the State level, State Coordinators have made significant accomplishments. They have successfully reduced many of the most egregious legal barriers to enrollment posed by State policies on residency, school records, immunization, guardianship, and transportation. For example, 27 States have reported making changes, since the program was initiated, to State residency laws or regulations so that homeless children and youth can enroll in school. If funding for the Education for Homeless Children and Youth program is rescinded, States' efforts to remove these remaining enrollment barriers would be severely curtailed.

Unfortunately, significant barriers to homeless children's enrollment remain. State Coordinators in 15 States have identified immunization requirements as a barrier to school enrollment for homeless children and youth. The same number of Coordinators have identified legal guardianship requirements as a continuing impediment to homeless children and youth's access to a free, appropriate public education.

Unmet educational needs also remain, especially access to education for homeless teens and assistance to enable homeless children to enroll in and succeed in school in the face of poverty and high family mobility. The program funds services -- such as before- and after-school tutoring, transporting homeless children and youth to school, and

providing them with school supplies -- to help minimize disruptions in homeless children's education. A rescission would eliminate all funding for these efforts.

TITLE I RESCISSION

Mr. Stokes. Specifically, what is the effect of a \$105 million rescission on the Title I program, a program that is designed to increase the learning achievement of disadvantaged children?

Dr. Payzant. Title I Grants to LEAs provide supplemental financial assistance to almost all school districts in the country. A \$105 million rescission would decrease allocations to districts on the average by about 1.6 percent, which would deprive approximately 100,000 at-risk children of special services designed to help them to achieve to challenging academic standards.

Schools and districts are just beginning to implement reforms in the reauthorized program to ensure that the lowest-achieving children are not left behind in State and local efforts to help children reach internationally competitive standards. The rescission would dilute the momentum for reforms that will integrate Title I with wider efforts to stress standards-driven curriculum and teaching.

Mr. Stokes. Can Americans afford to target education to a selected few or must it invest in the education of all its citizens? Perhaps the rescissions reflect the beginning of the "bell curve" paper in action, designate a particular segment of the population as not worth educational investments?

Dr. Payzant. No. America cannot educate just the elite. We must ensure that all children, including the educationally disadvantaged children served by Title I, are not left behind in the Nation's efforts to raise academic achievement.

In the last few years, Americans have recognized that low student achievement threatens the country's continued prosperity and economic security, and that in today's economy it is essential that every child have the opportunity to achieve to world-class standards. These connections were acknowledged in 1989, when the governors and then-President Bush put a high priority on helping all children progress toward National Education Goals. Also, the Goals 2000: Educate America Act and the reauthorized ESEA, including Title I, focus on helping all learn to internationally competitive standards. For the first time ever, Federal elementary and secondary programs are structured to reinforce, rather than compete with, State and local efforts stressing achievement to high academic standards.

The effects of a rescission on Title I programs would be magnified by weak targeting of Title I funds, which currently leaves the poorest districts and schools with insufficient funds to serve all of their neediest schools. One of the unintended results of spreading Title I funding to virtually all districts in the country is that some schools serving few

poor children participate, while some with high concentrations of poor children receive no Title I funds.

The educational needs of poor children are growing, and we must do all we can to ensure that high-poverty schools have the resources they need to foster productive learning environments for learning to high standards.

CHARTER SCHOOLS

Mr. Stokes. With respect to education reform, a lot of attention is being given to the creation of "charter schools." What are the advantages and disadvantages of this concept in education?

Dr. Payzant. Given that charter schools are a relatively new education reform concept and no comprehensive evaluation of them exists, it is difficult to address their specific advantages and disadvantages. However, we believe charter schools represent an important new strategy to promote innovation, parental and community involvement, and choice in public education. By replacing rules-based governance with goals-based accountability, charter schools offer great promise as a way of improving school and student performance. Also, charter schools that receive Federal funding will be developed by members of the community -- such as parents, teachers, administrators, and private organizations -- thereby ensuring a high level of commitment to and responsibility for the success of the charter school.

Mr. Stokes. What is the level of investment for this program in fiscal year 1996, and how does this compare with the current funding level?

Dr. Payzant. For fiscal year 1996 we are requesting \$20 million for the Charter Schools program, a \$14 million increase over the 1995 appropriation. An increase in the Federal investment in charter schools makes sense now, as more States consider adopting charter schools legislation, because Federal funds are designed not to sustain charter schools, but to help cover start-up costs.

Mr. Stokes. To what extent has this concept been implemented across the country?

Dr. Payzant. According to a recent report by the General Accounting Office (GAO), entitled "Charter Schools: New Model for Public Schools Provides Opportunities and Challenges," as of January 1995, 134 charter schools had been approved in 9 of the 11 States with charter school laws. The GAO predicts that approximately 14 States may consider charter schools legislation in 1995.

THURSDAY, MARCH 2, 1995.

POSTSECONDARY EDUCATION

WITNESSES

DAVID A. LONGANECKER, ASSISTANT SECRETARY, POSTSECONDARY EDUCATION

LEO KORNFELD, SENIOR ADVISOR TO THE SECRETARY

SALLY H. CHRISTENSEN, DEPUTY ASSISTANT SECRETARY FOR BUDGET

THOMAS SKELLY, DIRECTOR, BUDGET SYSTEMS DIVISION, BUDGET SERVICE

ROBERT DAVIDSON, DIRECTOR, POSTSECONDARY ANALYSIS DIVISION, BUDGET SERVICE

Mr. PORTER. The subcommittee will come to order.

We continue today's hearings on the budget for the Department of Education. We welcome David Longanecker, Assistant Secretary for Postsecondary Education and Leo Kornfeld, the Senior Advisor to the Secretary.

Why don't you proceed.

INTRODUCTION OF WITNESSES

Mr. LONGANECKER. Good morning Mr. Chairman.

For the record, I am David Longanecker, and I am the Assistant Secretary for Postsecondary Education at the Department of Education. I am accompanied by four colleagues—Leo Kornfeld, the senior advisor to the Secretary on Direct Lending; and Sally Christensen, Tom Skelly, and Bob Davidson of our Budget Service, whom you know well.

I have submitted written remarks for the record, and for the sake of brevity, I will present a brief statement, as will Mr. Kornfeld, after which we look forward to answering any questions that you might have.

OPENING STATEMENT

I am pleased to appear before you today to present the Department of Education's budget for Postsecondary Education, a budget proposal that reflects the President's commitment to fiscal prudence, but not at the expense of investing in this country's most valuable resource—its people and their identification.

Our budget request for postsecondary education totals \$11.2 billion. In addition, \$2.1 billion is included in the Labor Department's budget for services that we have traditionally offered in the past. Seven billion of that \$11.2 billion is for discretionary programs—both student assistance and institutional support; with the remaining \$4.3 billion to support nondiscretionary costs of our student loan programs.

Most of the Office of Postsecondary Education's budget is focused on the goal of ensuring access to quality education, which we believe is a very important Federal role. We do this through student aid—a combination of grants, loans, and college work study—and through some highly targeted institutional assistance programs.

INCREASE IN PELL GRANT MAXIMUM

Our budget seeks to expand educational opportunity by increasing the maximum Pell Grant from \$2,340 to \$2,620 which would equal the maximum Skill Grant to be operated by the Labor Department; by maintaining our campus-based aid programs, including the Supplemental Educational Opportunity Grants (SEOG), the College Work-Study program and the Perkins Loan programs at this year's level; and by accelerating implementation of the Federal Direct Loan Program, which reduces Federal spending while providing better benefits and new repayment options for students. We oppose any cap on direct lending.

In the aggregate, we propose increasing the availability of loan, grant, and work-study funds from \$34.4 billion to \$39.4 billion, a 15 percent increase which would serve about 8.2 million students, 17 percent more than at the present time. Federal student aid accounts for about 70 percent of all student aid that is provided in this country.

Not only do student aid programs help students to attain more education, these funds also have a major positive effect on increasing Federal tax revenues. On average, a young man in whom the Federal Government invests in student assistance today will, over his lifetime, return to the Federal Treasury, in tax revenues, \$8 for every \$1 invested by us in him. That seems to us to be a very good investment for that person and for the country.

SUPPORT FOR INSTITUTIONAL AID

We would also sustain targeted institutional assistance focused on the TRIO programs; on Historically Black Colleges and Universities, and Hispanic-Serving Institutions; on foreign studies and other areas of national need; and on improving education through the Fund for Improvement of Postsecondary Education.

IMPLEMENTATION OF DIRECT LOAN PROGRAM

Our proposed accelerated implementation of direct lending would increase the projected savings for this program over the next 6 years from \$5.8 billion, under current law, to \$12 billion with full implementation. We have a unique opportunity. We can provide better services to our customers—the students; with less hassle for the institutions that serve them, while saving the taxpayers billions of dollars.

Some have questioned whether direct lending was a good idea because they weren't sure that the Department was up to the task. We believe that our record indicates that we have done an excellent job in implementing this program under Leo Kornfeld's leadership and that, therefore, it makes sense to move ahead with full implementation of direct lending.

What we propose is a parsimonious budget that invests more in successful programs that have a proven record of increasing college participation and persistence in college for low-income students and of reducing the burden of college costs for middle-class students.

PROGRAM TERMINATIONS

Our budget also proposes 20 programs for termination. Given budget constraints, we were forced to make strategic decisions. We decided to eliminate or consolidate these programs, many of which we think served a useful Federal purpose but are not compelling enough to sustain in these difficult times.

IMPROVED OVERSIGHT

Complementing our budget request is our continuing commitment to improve the management of our Federal programs, particularly to improve our gatekeeping and oversight responsibilities. The 1992 amendments to the Higher Education Act gave us the statutory tools, through the strengthened program integrity triad, to do the job, and we are doing our best to deliver on your expectations.

The State Postsecondary Review Program—SPRE—which vests in the Department responsibility for assuring that institutions are financially and administratively capable of administering the Federal funds, which relies on accrediting bodies to assure educational program quality, and which relies on the States to assure consumer protection, makes good sense to us. That is why we have requested \$25 million to fund the new SPREs. This seems like a modest investment to protect the Federal Government's \$11 billion in spending and almost \$40 billion of aid available to students.

Though not reflected in our budget request, these activities would be complemented by President Clinton's proposed Middle-Class Bill of Rights and Responsibilities, which would give \$60 billion over the next five years back to middle-class working American families who are willing to invest those funds in themselves.

This bill includes the tax deduction for college costs, which would grow to \$10,000 by 1999, the expansion of IRAs to pay for post-secondary education and the GI Bill for America's workers, which consolidates our current hodgepodge of Federal workforce preparation programs into an integrated comprehensive strategy for workforce development.

This would not only reduce the burden on those families, but would do so in a way that would pay a huge dividend to our future as a Nation in increased worker productivity.

That is what we are proposing, major initiatives in grants for the most needy, the expansion of Direct Lending, tax benefits for the middle class, targeted institutional investments, and tough but necessary program reductions where possible.

Thank you very much for the opportunity to appear before you today. Leo Kornfeld, the Secretary's Special Advisor on Direct Lending, would like to add a few points.

[The prepared statement and biography of David A. Longanecker follows:]

DEPARTMENT OF EDUCATION
Statement by
David A. Longanecker
Assistant Secretary for Postsecondary Education
on
Fiscal Year 1996 Budget Request for
Postsecondary Education Programs

Mr. Chairman and Members of the Committee:

I am pleased to appear before you to discuss the 1996 budget request for the programs administered by the Office of Postsecondary Education. The 1996 budget reflects the Administration's strong commitment to ensuring that students from low- and middle-income families have access to quality postsecondary education, and have greater choices in postsecondary education through the President's Middle Class Bill of Rights, including the GI Bill for America's Workers.

The total 1996 budget for postsecondary education programs in the Department of Education is \$11.2 billion. This amount would be supplemented by the Labor Department's request in support of the proposed Skill Grants program, which includes \$2.1 billion for non-degree students now eligible for Pell Grants. We are requesting about \$7 billion for postsecondary discretionary programs, a slight reduction from about \$7.1 billion in 1995. This reflects strategic increases in targeted programs balanced with savings related to proposals to streamline and reinvent Government. Our proposals would eliminate a total of 20 programs by the beginning of 1996.

Three of the four priorities set forth in the Department's strategic plan are advanced by this budget request.

First, it would improve access to postsecondary education and lifelong learning opportunities. Our budget request would make postsecondary education more affordable for millions of hard-working American families, and provide outreach and support services that address the cultural and educational barriers to postsecondary education.

Second, it would help prepare students for productive employment.

Third, it would help advance the transformation of the Department into a high-performance organization. Through our strong leadership, new partnerships, and improved management in institutional oversight, we are beginning to make significant progress in carrying out long-needed improvements.

ENSURING ACCESS TO QUALITY POSTSECONDARY EDUCATION AND LIFELONG LEARNING

The Administration's 1996 budget request for postsecondary education programs helps to overcome financial and other barriers to quality postsecondary education. Including student loans and the proposed Skill Grants, the Administration's 1996 request will generate over \$39 billion in student financial assistance and over half a billion dollars to institutions for scholarships and fellowships, student support, and institutional development activities.

Student Financial Assistance

The Department's student financial assistance and related student services programs are critical to maintaining postsecondary education opportunities for low- and middle-income students. Our budget request for Pell Grants would support an increase in the maximum award in 1996 by \$280 to \$2,620 from its 1995 enacted level of \$2,340. This 12 percent increase would help restore the value of this critical assistance for our neediest students. The 1996 request would continue funding for Federal Supplemental Educational Opportunity Grants, Federal Work-Study, and Perkins Loan Federal Capital Contributions -- the campus-based programs -- at their 1995 levels. These three programs, in conjunction with the Pell Grant program, reduce financial barriers to postsecondary education while providing participating institutions with flexibility in developing financial aid packages that best meet the needs of their students.

Student Loans

Under the President's proposal for an accelerated phase-in of Direct Loans, direct lending would account for 80 percent of all new loan volume in academic year 1996-1997 and 100 percent in 1997-1998. We will submit legislation shortly to carry out this policy.

The expedited phase-in plan would provide substantial budget savings and would build on the Department's highly successful Direct Loan program implementation. It would enable all student and parent borrowers to take advantage of the Direct Loans program's simplicity and flexibility without unnecessary delay. As part of the wind-down of the Federal Family Education Loan program, the Department proposes that guaranty agencies return to the Federal Government at least \$1.1 billion, which they no longer need, from their cash reserves over fiscal years 1996 through 2000. Because the Direct Loan program eliminates inefficiencies and excess costs inherent in the FFEL delivery system, our two year accelerated phase-in proposal would result in additional outlay savings of over \$5.2 billion--as compared to the current phase-in path extending from fiscal years 1996 through 2000. This accelerated phase-in, together with the reforms mandated by the Student Loan Reform Act, will allow us to achieve budget savings of \$12 billion over 6 years.

I would like to emphasize that even under the current law phase-in path, Direct Loans would account for at least 50 percent of overall new loan volume for academic years 1996-1997

and 1997-1998, and at least 60 percent for 1998-1999. In addition, under current law the Department has unlimited authority, beginning with academic year 1996-1997, to expand institutional participation in Direct Loans as warranted by demand.

Overall, including student loans and the proposed Skill Grants, the Administration's budget would support an increase in aid available for postsecondary education and training from \$34.4 billion to \$39.4 billion, an increase of \$5 billion, or 15 percent, over the 1995 level. The number of students receiving assistance would rise to 8.2 million, an increase of 1.2 million students or 17 percent over the 1995 level.

Higher Education Programs

The Department's other postsecondary education programs complement this investment in direct assistance to students by providing targeted institutional support activities that address cultural and educational barriers that limit many students' full participation to quality postsecondary education. The Administration's fiscal year 1996 budget continues at the 1995 level support for the Federal TRIO programs at the 1995 level. These programs identify and assist at-risk students and encourage talented but disadvantaged high school students to continue their studies at the postsecondary level. In addition, we propose to continue support for the Nation's historically Black colleges and universities and Hispanic-serving institutions -- to promote improvement in the quality of programs and the faculty of such schools. We also propose to continue support for study in foreign languages and area studies and other disciplines identified as areas of high national priority. Our request provides for continued support for the Fund for the Improvement of Postsecondary Education, which provides needed Federal leadership in postsecondary education and helps to ensure that the United States will have the technologically sophisticated workforce it will need to compete in the 21st century.

Program Results

The success of the Federal student financial aid programs and the Higher Education outreach and support services is well documented. These programs have helped increase the college participation rate of low-income students and reduce the difference in college participation rates between low- and high-income students. Despite these gains, low-income students are still far less likely to attend college than high-income students. Unfortunately, we still have a way to go before equity, in terms of college participation, is achieved.

The Federal student financial aid programs are also effective in encouraging persistence and degree attainment. Data from the High School and Beyond study have demonstrated that high school seniors who entered college immediately after graduation and received a Pell Grant were more likely than non-recipients to persist in postsecondary education and attain a bachelor's degree. More recent data from the Beginning Postsecondary Students study have shown that recipients of Federal student financial aid enrolled in short duration training programs were more likely to complete the programs than were non-recipients.

MIDDLE CLASS BILL OF RIGHTS

The Administration's Middle Class Bill of Rights builds upon the foundation of postsecondary education access and choice pioneered in the Federal student financial assistance programs. The proposal will ensure that even more Americans have access and choice in getting the education and training they need to succeed in the competitive global economy. In addition to the over \$39 billion that will be available for postsecondary education and training under the 1996 request, the Administration's plan contains major tax proposals that will put \$60 billion over 5 years back into the pockets of American families to meet their education and training needs. The proposals will provide a substantial tax deduction for education and training, up to \$5,000 in 1996, increasing to \$10,000 beginning in 1999; the ability to withdraw funds without penalty from Individual Retirement Accounts (IRAs) to pay for postsecondary education expenses; and an increase in the income eligibility levels for tax-deductible IRA contributions.

The Middle Class Bill of Rights reflects the President's belief that most education and training resources should go directly into the hands of individuals so that they can make their own informed choices about their education and training.

GI Bill for America's Workers

The GI Bill for America's Workers, part of the Administration's Middle Class Bill of Rights, consolidates the current maze of 70 federally funded workforce development programs into one integrated lifelong learning system and increases funding for this new system by about \$1 billion.

The GI Bill for America's Workers restructures the Pell Grant program. Under this proposal, students enrolled in programs leading to an Associate's or a Bachelor's degree would continue to receive Pell Grants as they do under current law. However, the basic program of grant assistance for students enrolled in non-degree postsecondary programs would shift from the current Pell Grant program to the new Skill Grant program. Skill Grant funds would be appropriated to the Department of Labor and administered by States and local communities and schools. Skill Grants would serve individuals enrolled in non-degree programs who currently receive roughly one-third of Pell Grant funds, as well as the disadvantaged individuals and dislocated workers currently eligible for assistance under the Job Training Partnerships Act programs. The maximum Skill Grant would be \$2,620, the same as the maximum award proposed for the Pell Grant.

The Skill Grant program addresses a serious problem facing students seeking non-degree vocational training -- the lack of adequate information and assistance on career opportunities and on the quality of the training offered. Many students who do not have this

critical information become easy targets for unscrupulous or incompetent training providers. The Skill Grant program would increase their chances for success by providing them with job search assistance, career counseling, and related support services through One Stop Career Centers. They will know the track records of the training programs for which they could use their Skill Grants, and they will benefit from the increased flexibility that States and localities will have in tailoring services and training programs to meet local needs.

The GI Bill for America's Workers would make a total of \$8.5 billion in grant aid available under the Pell Grant and Skill Grant programs in 1996. Degree-seeking Pell Grant recipients would receive \$4.8 billion of this total, an increase of almost \$700 million, or 16.8 percent.

Stronger Institutional Gatekeeping and Oversight

In addition to the increased accountability resulting from the GI Bill for America's Workers, the Administration is also promoting greater accountability to consumers and taxpayers through the institutional gatekeeping and oversight activities of the Program Integrity Triad. The Higher Education Amendments of 1992 significantly increased the gatekeeping responsibilities of each component of the Program Integrity Triad -- States, accrediting agencies, and the Federal Government. Since enactment of this legislation, the Department has taken steps to implement these new requirements and to support the other two members of the Triad in carrying out their responsibilities. The Department will continue this leadership role by coordinating and evaluating triad activities to ensure that the objectives of accountability and integrity are met.

The 1996 budget request for the State Postsecondary Review program is \$25 million, an increase of \$5 million over the 1995 level. Significant progress has been made in laying the groundwork for the institutional reviews, that will begin in 1995, and that are expected to increase dramatically in 1996. This increase will complement the actions we've taken over the last year in the other two areas of the Triad that promote accountability and improve program performance. So far, eight accrediting agencies have not met the tough new statutory standards for recognition, and we'll be reviewing 17 more this coming May.

We've also improved our own performance as a member of the Triad in the area of direct oversight and gatekeeping. We've reorganized all the oversight and gatekeeping offices into one structure; assembled a new team of managers with substantial experience in institutional oversight; completed a state-of-the art information system to support each component of the Program Integrity Triad and to provide up-to-date information regarding all participating institutions; and improved our methods for targeting problem institutions. We have also increased the number of staff conducting on-site reviews of institutions, and intensively trained our new staff and retrained our current staff in review methods.

These steps are showing results. We have begun to see a reduction in student loan default rates, a rise of the rejection rate on initial institutional applications for participation in the Federal student financial aid programs, and a dramatic increase in the rejection rate for re-certification.

PROGRAM CONSOLIDATIONS AND STREAMLINING

The National Performance Review determined that there is a significant need to create "a Government that works better and costs less." It recommended the elimination of programs that duplicate other programs, have already fulfilled their purpose, or are more appropriately funded through non-Federal sources. These recommendations guided the Administration in its decision to request rescissions totaling \$27 million in 1995 for 7 postsecondary education programs, phase-out funding for 2 programs beginning in 1996, and elimination of 12 additional programs in 1996. These proposed eliminations and phaseouts would save an additional \$154 million.

We believe that the budget we have crafted for postsecondary education programs addresses the critical needs of promoting student access to quality postsecondary education and lifelong learning opportunities; improving the delivery of direct grant aid to students enrolled in non-degree training programs; and transforming the Department into a high-performance organization.

My colleagues and I will be happy to respond to any questions you may have.

**U.S. Department of Education
Office of Postsecondary Education**

Biographical Sketch

NAME:	David A. Longanecker
POSITION:	Assistant Secretary for Postsecondary Education
BIRTHPLACE AND DATE:	Sterling, Illinois, March 23, 1946
EDUCATION:	Stanford University, Ed.D. The George Washington University, M.A. Washington State University, B.A.
EXPERIENCE:	
1993 - present:	Assistant Secretary for Postsecondary Education U.S. Department of Education
1988 - 1993	Executive Director Colorado Commission on Higher Education
1984 - 1988	Executive Director Minnesota Higher Education Coordinating Board
1981 - 1984	Deputy Executive Director Minnesota Higher Education Coordinating Board
1980 - 1981	Chief of the Education and Training Unit Congressional Budget Office
1977 - 1980	Policy Analyst for Postsecondary Education Congressional Budget Office
1975 - 1977	Assistant to the Vice President for Academic and University Affairs Stanford University
1972 - 1974	Assistant Director of Housing The George Washington University

STATUS OF DIRECT LOAN PROGRAM

Mr. KORNFELD. I would like to briefly provide you with the status of the Direct Loan Program and describe some of its key features. First, as of July 1, 1994, 5 percent of the total loan volume was implemented, which is actually the 104 schools participating. As of July 1, 1995, the law authorizes us to go up to 40 percent, which would be approximately 1,400 schools.

How is the program going? Obviously, I am not the one that you should ask that question, nor are our critics. I suggest that you ask any of the Presidents of the institutions that are participating and the students there. I have a list of the 104 institutions that are participating, as well as the names of the presidents. Better yet, I suggest perhaps that we ought to ask a neutral, objective observer such as Morgan-Stanley Bank which did an investment research paper on the whole student loan issue specifically. I quote from the Morgan-Stanley Bank research paper.

"While the phase-in of the program—they are referring to the Direct Loan Program—is still in the very early stages, we have heard of few serious complaints by participants. More important, our arithmetic indicates that servicing each loan in a government program could cost as much as eight times that of the private guaranteed program and still be a winner from the Federal budgetary perspective."

We will not come close to eight times that of the private guaranteed program.

Another source that can better discuss the program than myself or the critics of the program is a survey done by the communities college trustees. I quote:

"Students and the parents of dependent students are very pleasantly surprised by the speed and efficiency associated with the Direct Loan Program. There are times when a student can walk into the Financial Aid Office and walk out with a direct loan. Borrowers know when disbursements will occur since the school is drawing down the funds versus waiting for a lender. It is simple, quick, and less confusing."

Fundamentally, the customers are satisfied with the program. The customers are the institutions and the students. The Department of Education has demonstrated that it can manage this program.

STAFFING

Let me shift to a brief discussion on the major features. First and foremost, we are not building a large bureaucracy. As a matter of fact, the budget for 1995 shows 346 persons. To date, we have 216 government employees, 143 are new employees that we have brought in. Seventy-three persons are persons transferred from within the organization.

I want to emphasize that of the 216 persons that are on board—the government employees—half of them are working on the Direct Loan Program and the other half are in transition because we are transitioning from the Federal Family Education Loan Program—FFEL—into the Direct Loan Program.

As we go through this transition, we are going to start reducing the number of persons in the FFEL Program. For example, if you look at our budget that we have submitted, you will see in 1996, we are already anticipating a reduction of 165 persons out of the FFEL Program. As a matter of fact, if you give us the opportunity to implement this program to 100 percent, we anticipate we will have fewer government persons managing and coordinating this program than we now have doing the FFEL Program.

PRIVATE SECTOR PARTICIPATION

Most of the work in this program is being done by private contractors. The major contractor right now is a servicing company that is a subsidiary of a major bank in this country. This is one of the largest servicers in this country collecting and servicing student loans for most of the banks in this country. When you look at our total allocation, you will see that we are projecting that 80 percent of all the money that we are using is going to private companies, not to government employees—12 percent goes to the guarantee agencies and only 5 percent of the money is actually going to Federal employees.

The FFEL Program is cumbersome and expensive to operate. I quote from a GAO report that came out 2 weeks ago. Although we don't come out that great either as a Department, it is interesting to hear what they have to say about the present FFEL. They say the program has a complicated, cumbersome process. The program has a flawed structure.

And the reason that this occurs, to run the present FFEL Program takes 7,000 lenders, 41 guarantee agencies, and over 50 secondary markets. Each of these middlemen, each of these agencies are dipping into the Federal trough.

For example, in the next 5 years, the lenders of this country will be getting \$10 billion for interest subsidies and special allowances. The guarantee agencies in the next 5 years will be getting \$5 billion and the secondary markets have issued \$16 billion of tax-free bonds, which cost you and me and all the taxpayers money.

SAVINGS

If we have the opportunity to implement the Direct Loan Program to 100 percent, we will run it with less Federal staff than now are in the FFEL Program; we will have six to eight private companies scattered throughout the country, all under Government contract; and we will save the taxpayers \$12 billion.

The reason that this can be accomplished is that the Direct Loan Program has been designed to be simple. It eliminates the layers of middlemen that are in the FFEL Program and the process is standardized and computerized using state-of-the-art technologies.

In summary, the Direct Loan Program services its customers better than the FFEL Program and at the same time saves the taxpayers \$12 billion. Isn't this the type of change we are looking for—that the citizens asked us to look for in the last November election?

Thank you very much.

Mr. PORTER. Thank you, Mr. Kornfeld.

I have never been a great fan of the Guaranteed Student Loan program either, but I think we have to worry a lot about the Direct

Loan program as well, and I think it is very facile to say we are processing loans very fast, getting the money out fast; that is wonderful. I can make loans if I sit here with a pile of money to anybody who walks in and say I have done it very efficiently. There is nothing to that.

The difficulty is that are we making loans to people who won't pay them back and all of the danger, all of the cost comes later on when people fail to pay the loans. It sounds like we are saving all this money. OMB scores the program heavily on savings up front and doesn't have to score the failure to pay the loans back at the other end.

REDUCING DEFAULTS IN DIRECT LOANS

What is being done to tighten up the program so you don't have what has been too much of a hallmark of the Guaranteed Student Loan program, in other words, failure to repay the loans?

Mr. KORNFIELD. We are very concerned about the collection. First, the company that is doing the collection is the same company that is doing it for most lenders in this country. Second, we have collected over \$1 million already in the Direct Loan Program from persons who are paying back their loans. Third, the default rate in this country has shown significant improvement.

I was here in the Carter administration and we started the collection program at that time—and it was a disaster. Since that time, the program has improved significantly. As of the last report, the default rate is now down to 15 percent—which is a 25 percent improvement over the last two years.

Mr. PORTER. Does that depend upon an improved economy?

Mr. KORNFIELD. Partly, but in part it is because of what we are now doing. For example, in the Direct Loan Program we are now implementing, we do a match. The default database is matched with the IRS and any time we get a hit with a person who is employed and submits a tax return, we take the tax refund. Last year alone, we collected \$600 million using that process.

This year, for the first time, we are initiating a further step. Not only are we going to collect the tax refund offset, but we are notifying these persons—thanks to the Direct Loan program—we are notifying these persons that they have one of two choices. These defaulters, the people that are costing the Government \$2.5 billion, will be notified that they either start paying back their loans based on their incomes, or if they don't, we now have the authority to garnish their pay. This year alone, we anticipate we will match 3.5 million Americans. Furthermore, we are looking at other databases because we now have—thanks to Congress—the tools where once we can find you, we will collect. The name of the game is no more collections and skip tracing.

We are also reducing defaults on the front end. Survey after survey indicates that some of the defaulters are persons who cannot afford to pay their loans back, so they default. Again, thanks to the Direct Loan program, these persons will be able to pay a small amount and not be in default.

We have initiated a computerized default prevention system so we will not wait six months after students are out of school and then try to find them—from the time they depart from the institu-

tion, we will start communicating with these persons indicating to them that they have a variety of repayment options so they should pay their bills and not become defaulters.

And lastly, a default in this country now is a serious offense. If you are a defaulter now, you cannot get a credit card, you cannot get a car loan, you cannot get a Federal job. In most States, you cannot get a State job and now for the rest of your life, as long as you have a tax refund, there is no statute of limitations. We have authority to garnish your pay and we are going to see a significant improvement in the default rate.

IMPROVED GATEKEEPING

Mr. LONGANECKER. In addition to the work that you do front end and back end on student loans, we can affect the default rate also by how well we manage participation of institutions in the program through our gatekeeping. In fact, I think most of us agreed—and it was one of the reasons for the strengthening of the various provisions of the program integrity side in the 1992 amendments—that that job had not been done well enough.

We are doing a much more serious job of reviewing and assuring that institutions that get certified to participate in the program have the capability of providing a strong education and managing the funds well, and with that triad that involves our management and certification activities, the stronger oversight of the accrediting associations, and the implementation of the new SPRE, we think we have the capacity to reduce abuse and fraud in the program and that will reduce default rates.

Mr. PORTER. I have to say that you make a good case. It has nothing to do with the Direct Loan program because there are few loans in direct repayment yet. But this will apply to the Direct Loan program.

Mr. KORNFELD. It will apply to all loans, but it is the Direct Loan program that provides this capability because it is in the Direct Loan program that we can let people pay based on their income and it is because of direct loans that we can accomplish this.

Mr. PORTER. During the period you described, it seemed as if the Federal Government with a 100-percent guarantee to the lender was simply pushing the money out the door. Everyone who got a guaranteed student loan almost felt that it was a grant and they never had to repay it. The attitude of the government was, we aren't going to worry much about that and we got ourselves into that position.

But part of the problem is the proclivity to want to push the money out the door, and as Mr. Longanecker described, one of the problems was that we had institutions that were playing the game of simply getting uneducable people in, giving them a loan knowing that they probably wouldn't finish the program, and leaving the government holding the paper. That is where I think we need to tighten up. It is easy to push the money out the door, but let's make sure it is going to people who are going to repay the loans and going to use the money in a way that benefits them individually.

STRATEGIC PLAN FOR DIRECT LOANS

Mr. Kornfeld, GAO has been monitoring student lending programs since 1992. It released a report in February. It states, in part, the following, "The Department, in implementing direct lending, has not developed appropriate plans such as a comprehensive strategic mission or business plan, and a transition plan for direct loans. Without a viable strategy to guide the Department during the rapid increase in schools, the increases in loan origination and servicing, and the transition of schools leaving the Family Loan program, the Department risks not achieving its direct loan mission and objectives efficiently and effectively. History has shown that the Department has experienced problems in operating its student loan programs and it needs to continue to develop and formalize planning strategies and procedures to ensure that the Direct Loan program does not meet the same fate."

Does the Department have a strategic business and transition plan for the Direct Loan program, and if not, are you developing them, and what are your general comments about the GAO report?

Mr. KORNFIELD. At the time that the GAO report was conducted, that statement was an accurate statement. However, it is no longer accurate. We do have plans. For example, we have a specific plan of how we are going to go through the transition with the guarantee agencies from where they are today and where we will be as we roll out the program.

We have a specific plan—all this is in writing—of how we are going to go from—as to the current law, go from 40 percent this year, July 1995, and then 50 percent and 60 percent. We have specific plans of how many people we need, what kinds of contracts we need, how many contracts we need.

We have specific plans of how to plan to communicate the information to the various persons. We have specific plans on how we are going to implement loan consolidation. I would be happy to provide the committee with copies of those plans.

[The information follows:]

Direct Loan Implementation Plan Attachments

We are inserting two attachments here. The first is entitled "Direct Loan Program Implementation Schedule 1995/96." This schedule serves as a summary operating plan for the implementation of the Direct Loan Program over the coming year. It contains a selection of the more significant action items contained in the operating plans of the various units that are a part of the team implementing the Direct Loan Program. The second is entitled "Five-Year Plan for the Program Systems Service," and identifies objectives and action steps that will support the implementation of the Department's Program Systems Service.

**Organizational Abbreviations used in the Direct Loan
Implementation Schedule**

PSS	Program Systems Service
PTAS	Policy, Training and Analysis Service
DLTF	Direct Loan Task Force
SPS	Strategic Planning Staff
AMS	Account Manager Staff
IPOS	Institutional Participation and Oversight Service

DIRECT LOAN PROGRAM**IMPLEMENTATION SCHEDULE 1995/96**

ACTIVITY	STATUS	AREA RESPONSIBLE
<u>January 1995</u>		
Distribute software to Direct Loan schools (years 1 & 2)	Completed Jan. 95	PSS
Review EDEExpress product for year two schools and initiate necessary changes	Completed Jan. 95	PSS
<u>February 1995</u>		
Finalize updating of the training plans for year two schools	Completed Jan. 95	PSS
Conduct year two school training	Ongoing	PTAS/DLTF
Conduct second Direct Loan video conference	Completed Feb. 95	PSS
Begin evaluation of proposals for the system support and loan origination contracts	Began Feb. 95	PSS
Finalize meeting dates for negotiated rulemaking on Borrower Defenses/Contact Comm members/Register notice	Completed Feb 95	PTAS
Begin developing central data base for exchanging data with multiple loan servicers	T/O awarded Feb. 95	PSS

<u>March 1995</u>		
Complete hiring of account managers		AMS
Complete consolidation plans		SPS
Finalize plans for enrolling year 3 schools		DLTF
Begin account manager training		
Announce the first group of year 3 schools	Ongoing	AMS
Implement program of publicizing Direct Loan status/accomplishments		DLTF
Initiate Consolidation program		DLTF/SPS
Conduct Direct Loan servicing video conference		
Begin work on technical amendments	Ongoing	SPS
Begin operation of Bulletin Board for Direct Loan schools		PTAS/PSS/DLTF
Issue RFP for servicing contracts		DLTF/SPS/PTAS
		PSS
		PSS

<u>April 1995</u> Complete the interim account manager system and begin operation Complete mailing of Direct Loan Successful Practices to year 2 schools Conduct first borrower defenses rulemaking session Mail entrance/exit counseling materials to year 2 schools		AMS SPS/DLTF PTAS PTAS/DLTF/PSS
<u>May 1995</u> Announce second group of year three schools Complete plans for the "Delivery system of the Future" Begin evaluation of servicing contracts Complete training of account managers Begin account manager involvement with the schools Direct Loan poster to schools Video conference on inst'l responsibilities/gatekeeping Second meeting on rulemaking- borrower defenses		DLTF PSS PSS AMS AMS DLTF/SPS IPOS/PTAS PTAS

<u>June 1995</u> Complete system testing for year 2 schools Complete work on tech amendments package Announce award - Direct Loan Origination subsystem Publish Bluebook Final meeting of borrower defenses rulemaking committee Announce (publish) interest rate change		PSS SPS/PTAS/DLTF PSS/DLTF PTAS PTAS PTAS
<u>July 1995</u> Conduct video conference on EDEExpress for custom systems Conduct user group meetings for year two schools Complete training of year 2 schools Account manager support system operational		PSS/DLTF DLTF/PSS/PTAS PTAS PTAS
<u>August 1995</u> Publish NPRM for Borrower Defenses Review and status report of the Consolidation program Initiate high school guidance program Finalize training plans for coming year		PTAS SPS PSS/PTAS DLTF/PTAS

<u>October 1995</u> Announce servicing contract awards Begin year 3 training - to run through April 1996		PSS DLTF/PTAS
<u>November 1995</u> Publish final rule on Borrower Defenses		PTAS
<u>December 1995</u> Announce final year three schools Finalize account manager plan for second year of operation		DLTF AMS
<u>January 1996</u> Conduct kickoff conference for year three schools Complete start up activities for loan origination contract Distribute software to Direct Loan schools (years 1,2 &3) Review EDEExpress product for 1996/97 award year Initiate account manager activities for year three schools Publish year 4 application		DLTF PSS PSS PSS AMS PTAS/DLTF
<u>February 1996</u> Begin year one and two training updates		PTAS

<u>April 1996</u>		
Complete development of central data base for exchanging data with multiple loan servicers		PSS
Complete start up activities for loan servicers		PSS

List of Acronyms used in the Five-Year Plan for the Program Systems Service

AFMS - Accounting and Financial Management Service
CDSI - Computer Data Systems Inc. (the current Direct Loan contractor)
CFO - Chief Financial Officer
CICS - a character-based system used for controlling interactive access to data
COTR - Contracting Officer's Technical Representative
CPS - Central Processing System
CRS - Central Registry System
ED CAPS - The team designated by the Department for improving its central financial and accounting systems
FAFSA - Free Application for Federal Student Aid
FFEL - Federal Family Education Loan (also called GSL or Guaranteed Student Loan)
FISAP - Fiscal Operations Report and Application to Participate
GUI - Graphical User Interface
IDMS - the non-relational database management system used on the FFEL system
IRS - Internal Revenue Service
ISAMS - Integrated Student Aid Management System
IVRS - Interactive Voice Response System
NSLDS - National Student Loan Data System
PEPS - Postsecondary Education Participants System
PSS - Program Systems Service
RDBMS - Relational Database Management System
RFP - Request for Proposals
SEOG - Supplemental Education Opportunity Grant
SPRE - State Postsecondary Review Entities

**Five-Year plan for the
Program Systems Service**

A. Federal Direct Student Loan Systems Division

1. **OBJECTIVE:** Obtain contractor support for originating Direct Loans and reconciling origination with schools

Action Steps	Planned Completion Dates
Issue RFP	December 1994
Evaluate proposals and award contracts	June 1995
Complete start-up activities	January 1996

2. **OBJECTIVE:** Obtain support for maintaining centralized control over Direct Loan data

Action Steps	Planned Completion Dates
Award a task order to CDSI to act as a central repository of data for direct loans and for exchanging data with multiple loan services	February 1995
Convert Direct Loan database to IBM hardware and RDBMS	February 1996
Complete all actions necessary for CDSI to act as the Direct Loan Central Database	April 1996

3. **OBJECTIVE:** Obtain multiple services to service Direct Loans

Action Steps	Planned Completion Dates
Issue RFP	March 1995
Evaluate proposals and award contracts	October 1995
Assign on-site monitors and COTRs	November 1995
Assign test teams to each contractor	November 1995
Complete start-up activities	April 1996

B. Application and Pell Processing Division

1. **OBJECTIVE:** Attain operational readiness for each academic year

Action Steps	Planned Completion Dates
Submit FAFSA into clearance with OMB	April of each year
Determine requirements for annual processing system	June of each year
Submit promissory note into clearance with OMB	August of each year
Send renewal applications to students	November of each year
Complete development and testing	January of each year

2. **OBJECTIVE:** Obtain network support for the Title IV delivery system

Action Steps	Planned Completion Dates
Award contract	March 1995
Convert current system	September 1995

3. **OBJECTIVE:** Obtain application data entry support for the Title IV Central Processing System

Action Steps	Planned Completion Dates
Issue RFPs	January 1995
Award contracts	July 1995
Complete start-up activities	January 1996
Issue RFP	December 1999
Evaluate and award contracts	July 2000
Complete start-up	January 2001

4. **OBJECTIVE:** Obtain system support for processing applications

Action Steps	Planned Completion Dates
Issue RFP	December 1994
Evaluate proposals and award contract	July 1995
Complete start-up activities	January 1996
Issue RFP	December 1999
Evaluate proposals and award contract	July 2000
Complete start-up activities	January 2001

5. **OBJECTIVE:** Obtain system support for Pell Grant processing

Action Steps	Planned Completion Dates
Issue RFP	April 1996
Evaluate proposals and award contract	December 1996
Complete start-up activities	July 1997

6. **OBJECTIVE:** Develop Integrated Student Aid Management Systems (ISAMS)

Action Steps	Planned Completion Dates
Determine a phased approach for implementing ISAMS modules	July 1995
Implement first phase of ISAMS	January 1996
Implement Phase 2 of ISAMS	January 1997
Implement Phase 3 of ISAMS	January 1998

7. **OBJECTIVE:** Communicate electronically with schools.

Action Steps	Planned Completion Dates
Provide all Central Processing System and Pell output to schools electronically	July 1996
Provide the capability for students to submit original applications from any PC	July 1996
Eliminate paper Student Aid Report and have schools provide correction data electronically	January 1998

8. **OBJECTIVE:** Convert the CPS System to a relational database management system (RDBMS)

Action Steps	Planned Completion Dates
Require new contractor to propose a RDBMS	March 1995
Convert to winning contractor's proposed RDBMS	January 1997

9. **OBJECTIVE:** Provide EDEExpress Windows

Action Steps	Planned Completion Dates
Complete development of Windows-based product	March 1995
Beta test software	September 1995
Implement full-scale use	January 1996

10. **OBJECTIVE:** Image all student applications and store on CD-ROM

Action Steps	Planned Completion Dates
Obtain contractor support for development of imaging system	July 1995
Implement the managing system for all 1996/1997 applications and beyond	January 1996

11. **OBJECTIVE:** Implement a system containing sources for financial aid, including private, Federal and State sources for access by the public

Action Steps	Planned Completion Dates
Complete feasibility study	May 1995
Complete database design under current CPS contract	May 1995
Develop software, create data base and distribute	June 1996

12. **OBJECTIVE:** Redesign the Pell system

Action Steps	Planned Completion Dates
Complete requirements analysis through basic ordering agreement	February 1996
Award contract for development of new system	December 1996
Implement new system	July 1997

C. Postsecondary Education Participants Systems Division

1. **OBJECTIVE:** Develop and implement all phases of the Postsecondary Education Participants System (PEPS).

Action Steps	Planned Completion Dates
Populate and implement the PEPS security system	February 1995
Implement the Institutional Participation Division (IPD) module	March 1995
Implement the Institutional Review Branch (IRB) module	May 1995
Develop and implement Audit Review Branch (ARB) module	December 1995
Develop and implement Default Management Services (DMS) module	October 1996
Develop and Implement Guarantee Lender and Over-Sight (GLOS) module	October 1996
Develop and implement all remaining PEPS modules (SPREs, Accreditation, Program Funding, Guarantee Agency Review, Closed Schools, Compliance and Enforcement, etc.)	March 1997
Develop and implement Title IV Interface with all PSS systems	June 1997

2. **OBJECTIVE:** Incorporate the Department-wide Central Registry System (CRS) into PEPS

Action Steps	Planned Completion Dates
Conduct a review of CRS user requirements with ED CAPS	December 1995
Modify PEPS to incorporate new requirements	February 1996

3. **OBJECTIVE:** Process applications from schools to participate in the Title IV Programs electronically

Action Steps	Planned Completion Dates
Implement electronic application processing in PEPS	June 1995
Determine software modifications needed to electronic application processing due to regulatory changes	April 1996
Revise software and implement changes	June 1996

D. National Student Loan Data Systems Division

1. **OBJECTIVE:** Implement Phase II of NSLDS (i.e., Student Status Confirmation Reporting, Pre-Claims Assistance and Supplemental Pre-Claims Assistance notification support, and borrower tracking)

Action Steps	Planned Completion Dates
Complete prototyping	February 1995
Award Phase II implementation task to contractor	March 1995
Generate and test software and implement system	August 1995

2. **OBJECTIVE:** Implement Phase III of NSLDS (i.e., Financial Aid Transcript and credit reform support)

Action Steps	Planned Completion Dates
Award Phase III implementation task to contractor	February
Generate software, test, and implement	August 1995

3. **OBJECTIVE:** Recomplete the NSLDS contract

Action Steps	Planned Completion Dates
Issue RFP	July 1996
Award Contract	April 1997
Convert system to new contractor	September 1997

4. **OBJECTIVE:** Implement client server technology to support ad hoc queries on NSLDS

Action Steps	Planned Completion Dates
Perform cost/benefit analysis and develop preliminary cost estimate	June 1995
If outcome of cost/benefit is positive, obtain funding	October 1995
Implement fully	September 1996

E. Federal Family Education Loans Systems Division

1. **OBJECTIVE:** Implement electronic transmission of FFEL data

Action Steps	Planned Completion Dates
Establish electronic interface with IRS for support of Income Contingent Repayment Program	May 1995
Implement electronic transmission of data with external parties such as lenders and Department of Justice	June 1995
Implement Electronic transmission of accounting data between contractor sites, AFMS and ED Finance	September 1995
Implement electronic signature options for FFEL data and forms	March 1996

2. **OBJECTIVE:** Enhance the Interactive Voice Response System (IVRS) for Debt Collection.

Action Steps	Planned Completion Dates
Restructure main menu to reduce time to complete transactions	June 1995
Implement capability to take messages for regional call-backs	June 1995
Implement capability to capture daily call volumes	June 1995

3. **OBJECTIVE:** Implement imaging technology

Action Steps	Planned Completion Dates
Implement imaging of defaulted loan portfolios	March 1995
Establish interface with Direct Loan imaging system	June 1995
Implement imaging for Guarantee Agency and Interest Payments documents	February 1996

4. **OBJECTIVE:** Improve Debt Collection opportunities by enhancing the Debt Collection System

Action Steps	Planned Completion Dates
Implement administrative wage garnishment	October 1995
Provide a fully automated system to process rehabilitation and consolidation loans	September 1995
Implement change to the system in order to comply with the IRS discloser requirements	March 1995
Provide state of the art PC equipment to Debt Collection regional personnel	February 1996
Implement major information sharing with other government agencies (e.g., borrower address information, obtaining collectability information from IRS on defaulted loans)	September 1996

Analyze options for redesigning Debt Collection System for accommodating large volumes of loans due to phase out of FFEL Program	September 1996
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Incorporate Pell and SEOG overpayment into Debt Collection system	September 1995
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5. **OBJECTIVE:** Right-size the FFEL System

Action Steps	Planned Completion Dates
Restructure or convert IDMS database to make more relational	June 1997
Research replacing CICS with GUI point and click technology	June 1997
Research migrating a portion of the GSL system to a client server (contingent on funding)	September 1995
If research outcomes are positive, purchase all necessary software and equipment	November 1995
Convert software used to process selected software to client server (contingent on obtaining resources, both personnel and funding)	May 1996
6. OBJECTIVE: Develop and implement subsidiary ledgers as required by CFO Act and GAO	

Action Steps	Planned Completion Dates
Implement subsidiary ledgers for Debt Collection	May 1995
Implement subsidiary ledgers for the remainder of FFEL	September 1996

F. Campus-Base Programs Systems Division

1. **OBJECT:** Obtain support for development and maintenance of the Campus Based System

Action Steps	Planned Completion Dates
Issued RFP	March 1995
Evaluate and award contract	July 1995
Complete all start-up activities	October 1995

2. **OBJECTIVE:** Obtain data from schools about their administration of the Campus-Based Programs and determine awards for Campus Based funding

Action Steps	Planned Completion Dates
Distribute the Fiscal Operations Report and Application to Participate (FISAP)	August of each year
Receive schools submissions of FISAP	October of each year
Edit FISAPs	December of each year
Receive school corrections	February of each year
Final awards made to schools	April of each year

3. **OBJECTIVE:** Develop Directory of Designated Low-Income Schools for Teacher Cancellations under the Federal Perkins Loan and National Direct Student Loan

Action |Steps	Planned Completion Dates
Obtain from Chief State School Officers their list of schools that meet the criteria for low-income schools	June of each year
Review information and develop a consolidated list of low-income schools	October of each year
Print and distribute low-income school directory	October of each year

4. **OBJECTIVE:** Award scholarships to students under the National Science Scholars Program

Action Steps	Planned Completion Dates
Obtain recommendations from Chief State School Officers for scholarships	November of each year
President announces scholar recipients	January of each year
Mail award letter to schools and notification letters to scholarship	September of each year

5. **OBJECTIVE:** Right-Size the Campus-Based system from a mainframe to client/server technology

Action Steps	Planned Completion Dates
Upgrade software to COBOL 85	March 1995
Migrate software to client/server	April 1995
Test and implement system in new environment	May 1995

USE OF FUNDS FOR PUBLIC RELATIONS

Mr. PORTER. Let me ask, Mr. Kornfeld, I understand that the allocation for administering the Direct Loan program has been used to conduct public relations and advertising to justify the Direct Loan program before the Congress and the public.

Are these activities taking place and, if so, are they justified and how much has been spent on them?

Mr. KORNFELD. We have spent to date \$600,000, not for more polling or advertising, but for providing appropriate information and assistance. We feel it is our responsibility to make sure that the institutions know about direct loans and what the advantages are and how they should be implemented. We think it is our responsibility to inform the public who are the borrowers that they are going to have to consolidate a variety of loans so they can accept and adopt a repayment option that is more suitable.

This is not advertising or polling; it is just trying to make sure that the people understand what direct loans are about and how it works and then provide the opportunities to 20 million people who are involved in repaying their loans. Now the opportunity of how they might consolidate their loans and provide more effective repayment, that is consistent with their lifestyle—not the Department's lifestyle, not Congress' lifestyle—but their lifestyle.

NUMBER OF FTE ON DIRECT LOANS

Mr. PORTER. The budget justification shows an increase of 206 FTE from 140 to 346 required to administer the Direct Loan program in 1995. In addition, FTEs will increase by 150, from 346 to 496 in 1996. According to the budget, the increase for 1996 will be accomplished by shifting FTEs within the Department. However, I understand that roughly 440 Department employees are opting for early retirement under the Department's incentive plan this year.

Is the Department achieving the increase of 206 FTEs in the Direct Loan program this year by shifting personnel within the Department and, if not, why is the Department offering expensive buyouts to employees rather than transferring them to the Direct Loan program?

Mr. KORNFELD. Maybe Tom can talk about the buyout plan. But as I mentioned earlier, the budget is 346 as you indicate. Up to this point, we have 216 persons. Of those 216 persons on board, 143 are new persons and 73 are persons we have shifted from other activities within the Department.

The important point is that the persons that we are charging to this particular allocation, the Direct Loan program, about half are working on direct loans. The other half of these persons are working on FFEL during the transition. When we get to the point where we have total transition, and if you give us the opportunity to go 100 percent, we will have less persons in the Direct Loan program than we now have in the FFEL Program.

Mr. PORTER. Mrs. Lowey.

Mrs. LOWEY. Thank you, Mr. Chairman.

And welcome Dr. Longanecker and members of the panel. It is good to have you here today and we appreciate all the important

work you are doing. I have always felt that investment in student loans is an important investment for this Nation.

IMPORTANCE OF THE SPRE PROGRAM

One of the things that has always concerned me in the loan program is that, on the one hand, we have to continue working very hard to prevent defaults, and to prevent institutions from encouraging youngsters to come in and take loans when in fact it may not be the best investment. On the other hand, if we are going to encourage each of our youngsters to get that education and to work hard so they can get a job and support themselves, we must continue investing in the at-risk students. If we don't, we are really not accomplishing the goal of providing education to all of our youngsters so they can earn their own way.

It is a dilemma we have always faced in evaluating the loan program and that is why we have worked so hard on the SPRE program although there may be problems with the program, you don't throw out the baby with the bath water. It seems to me that to have an entity in place on the State level that can review the loans, can review the schools, can make judgments, can provide important direction to prevent defaults, is really the way to do it.

So it really surprises me that my colleagues who want to send everything down to the State level have zeroed out this program. I am very pleased that in your budget you actually increased its funding from \$20 to \$25 million. And certainly in tight budget times, your recommendation of an increase does represent the importance of the program.

I am personally pleased that in New York there has been some responsiveness and some good direction in the program. I feel it is so important. It is almost criminal to zero it out in light of default rates.

Isn't it correct that the government still lost \$2.4 billion in fiscal year 1994? So we understand we have a major problem.

Could you discuss in greater detail how the SPRE program fits into an overall approach of reducing fraud and abuse in the student aid programs?

Mr. LONGANECKER. I would be glad to do that. We believe that the 1992 Amendments to the Higher Education Act struck a very nice balance in the sharing of responsibilities for oversight by assigning to each of three different partners those kinds of responsibilities that they are most likely to be able to do well.

They assigned to us the job of looking to see whether institutions could appropriately administer the use of Federal funds. That is what we do in our program reviews and that is what we do when we review an institution to see if we are going to certify it to participate in the program.

They assigned to the accrediting bodies the responsibility for assuring that the academic programs have the integrity they need. That is their traditional role, and that is what they do best. And the law assigned to the States the responsibility for assuring consumer protection, a role that many States including New York had already taken fairly seriously but one that not all States have uniformly taken. This responsibility is uniquely well-suited to the States because they are closer to the action. They understand the

culture of the higher education community in their State and can react more sensitively to that so we don't have a one-size-fits-all model nationally for what we expect.

From our perspective, the plans and the standards that have come in reflect the unique characteristics of different States. New York's, which was the first one we approved, was substantially different from Utah and Tennessee which were the next two approved. They reflected the character of those States and the character of the community that was being regulated. We believe the plans accurately reflect what the purposes of this program were and will be very helpful to us.

Now we crafted via regulation unique and complementary roles for those three triad components rather than redundant roles. That made sense because it meant less regulation. It didn't make sense if the SPREs were going to collect information of a certain kind, performance information and consumer protection information, that we should also be doing at the Department. So where the law allowed us to, we made those unique functions.

That creates a dilemma, of course, if a program is not funded because we have crafted through regulations and statutes complementary roles, and it leaves a true gap if the funding goes away. It was not an unfunded mandate. The interesting thing about the SPREs is they cannot operate by law without the Federal funding, so a State that wanted to continue this couldn't do so under the guise of the Federal regulations without the funding. We thought that was appropriate.

Mrs. LOWEY. It seems to me that without SPRE, what kind of taxpayer protection do we have on the State level? In fact, if the total rescission goes through, what does that do to the States that have already received funds or are working with institutions to combat fraud and abuse?

My response to those who say, "yes, students loans are a good thing; yes, a priority of this country should be loaning funds to students; but this program has fraud and abuse, and we are not getting our dollar's worth," has been: let me tell you about SPRE. There is an entity on the State level that will go after the schools that are not functioning appropriately, that are luring people off the street.

What is going to happen to the States that already have these programs in place and how are we going to deal with the fraud and abuse on the State and local level?

Mr. LONGANECKER. Good question. As I mentioned, it does leave a gap in the overall gatekeeping function. If that were to occur, we would certainly need to sit down with the community and with you to try to find a way to assure that we didn't have that kind of occurrence. We certainly would lose something we believe.

Mrs. LOWEY. I would like to pursue this at some time with the Chairman and other colleagues who are interested, because I am very concerned about the fraud and abuse in the program, but I am absolutely committed to student loans and I think we must invest in our youngsters' education.

STATE COST SHARING ON DEFAULTS

Your budget also includes a revenue raising item which would require States to share the risk for defaulted loans, and you estimate that the Federal Government will retrieve \$36 million from the States. It seems to me, once again, that we need SPRE to help States avoid these payments.

Mr. LONGANECKER. The States have not really liked that State cost sharing provision and I suspect you will be hearing from them on that if you haven't already. That is a dilemma for the States. What they have brought back to us is that there is relatively little they can do to affect defaults, particularly absent the SPREs. One of the dilemmas we have with State cost sharing is that it is based on prior years' information, so there is not much you can do to curb that in the here and now.

Mrs. LOWEY. I know we have to vote, but just a couple more comments. I want to tell you that I am very pleased that the Department's budget raised the Pell Grants to \$2,620 from \$2,340 and maybe that is some of the answer to the default rate. There are youngsters that should be getting the grants rather than the loans, and it doesn't make sense to loan them money.

EFFECT OF ELIMINATING IN-SCHOOL INTEREST SUBSIDY

Could you discuss the effect that the Budget Committee's proposal to eliminate the in-school interest subsidy would have on working families' access to higher education? I had a meeting with the administrators, college presidents, with students in my district, from about a half dozen colleges about a week and a half ago, and I will never forget—there were 50 people there—the comments of a Mr. Hernandez, who told of his experiences at New Rochelle High School where someone came into the classroom and told him what an architect does. He is now a student at Pratt.

He said tuition is \$25,000. His student loans are more than the income of his family. If we cut out these student loans, if we make these youngsters pay for the interest while they are in school, it is all over for him. That included SSIG that we cover and other student loans.

Could you discuss the impact of the interest subsidy?

Mr. LONGANECKER. The President has been very clear in saying that he thinks that is not the right way to go; that this is a time when we ought to be investing in human capital and human potential; not disinvesting in that and that this would have a deleterious effect on needy students.

Now keep in mind, the subsidy only goes to students with assessed financial need. That means that through a fairly rigorous review of their financial circumstances as families and as individuals, they don't have enough money to go to college, so they have to borrow money. And they are borrowing. These are folks that have financial needs. This is going to exacerbate their financing problems.

Five million students currently receive subsidized loans. They will lose over \$2 billion a year in benefits. I have an allocation by State of the effects of that proposal. The loss of that would be over

\$200 million in benefits to students in the State of New York. We don't think that is a wise decision for this country.

The President said, we think we need to cut the budget. We have a way that we can contribute to that through expansion of direct lending. But we don't think the best way to do this is at the expense of students, particularly if it is to sustain unnecessary subsidies for third parties rather than for the clients that we are really here to serve.

Mr. PORTER. We are going to have to go vote.

The subcommittee will stand in recess until Mr. Bonilla returns.

[Recess.]

Mr. BONILLA [presiding]. Gentlemen, if we could resume the hearing at this time. Chairman Porter will return shortly.

FUNDING FOR HISPANIC-SERVING INSTITUTIONS

Mr. Secretary, I would like to start out by asking about—and I appreciate in your remarks mentioning Hispanic-Serving Institutions. I had a concern, however, that in requesting \$40 million, which is a cut of \$40 million down from \$80 million. The statute says that no funds are authorized for this program for HSIs unless the amount appropriated for Part A strengthening institutions is at least \$80 million.

How does the Department propose to get around this if the cutoff would be \$80 million to access these funds?

Mr. LONGANECKER. Our budget request includes the funding for Hispanic-Serving Institutions. And where our budget is in conflict with current law, we would seek a legislative change.

Ms. CHRISTENSEN. We have bill language in the budget that would do that.

Mr. BONILLA. Are you looking for language in the appropriations bill or—

Ms. CHRISTENSEN. In the appropriations language.

Mr. BONILLA. So we would need to put that in there.

Ms. CHRISTENSEN. Absolutely. It is in there currently.

Mr. LONGANECKER. We tried to protect what we think is an important investment in institutions that serve traditionally disadvantaged and to some extent discriminated-against populations. The law allows us to do that for Historically Black Colleges and Universities and for Hispanic-Serving Institutions. This law doesn't allow us to address tribally controlled colleges, although the Tribally Controlled Community College Act would provide that authority.

Mr. BONILLA. It would still be \$12 million for HSIs?

Mr. LONGANECKER. That is correct.

Mr. BONILLA. How do you assess the HSI program thus far?

Mr. LONGANECKER. It is brand new and we think it is an important new program. But it is hard to say what the effectiveness is because it is so new.

Mr. BONILLA. How do you assess the need out there for continuing a program like this?

Mr. LONGANECKER. We think the need is strong to assist institutions with a traditional long-term role for serving large numbers of disadvantaged students.

Mr. BONILLA. Is this something that you had been aware of and advocated in prior years?

Mr. LONGANECKER. We had a budget proposal last year in this regard. I cannot remember if we did 2 years ago.

Ms. CHRISTENSEN. Last year was the first year we proposed it separately. They also were, prior to that, allowed to compete under the regular Part A program, and in fact they can still do that if they want. So there is really a double stream there if they want to pursue the second option.

Mr. BONILLA. I would like to move on to a different area.

USE OF SSA RECORDS TO CONFIRM CITIZENSHIP

Mr. Secretary, what is being done in reaction to a report by the IG's Office saying that the Office of Postsecondary Education should supplement its existing citizenship verification process by using SSA records to confirm the citizen status of all Federal student aid applicants which claim U.S. citizenship? It was my understanding that during 1992-1993, over 45,000 students received Pell Grants and Stafford loans totaling \$116 million for non-U.S. citizens.

Mr. LONGANECKER. And what we are doing is a match with social security to assure that our students are citizens. And that is our principal activity. We are also working with the White House and the Domestic Policy Council as they develop general Government-wide policies for assuring that we have accurate reporting.

We think that is a potentially big problem. We are not quite sure it is as large as was projected in the Inspector General's report. It is a fairly small sample and may not have been totally representative of the population of all students we serve.

NATIONAL STUDENT LOAN DATA SYSTEM

Mr. KORNFELD. Related to that point, we are now implementing what we are calling the National Student Loan Data System, which is another step to try to make sure that those persons who get loans and grants meet all the requirements. For example, we now have a much more effective system to ensure that those persons who are in default don't continue to get loans or those persons who have reached the maximum loan requirements don't get any additional money.

We do the social security match, the citizenship match, and try to make sure that we control that activity in a more effective way than we have in the past.

Mr. LONGANECKER. We are trying to find the right balance of having strong, effective enforcement without essentially offending our citizens in ways that it would be inappropriate to do.

Mr. BONILLA. I think my policy that I have advocated has been one that you cannot turn people in education or doctors or teachers into INS agents, because that is not their specialty. Certainly everything should be done in a reasonable common sense way to make sure that our American students are served first.

Mr. LONGANECKER. That is what we are trying to preserve.

Mr. BONILLA. We will move to something that was in *Business Week* recently.

COST OF INCOME CONTINGENT LOANS

Under the current system, a \$15,000 loan at 8.25 percent over 10 years totals a little over \$22,000. Under the President's new extended loan program, a new graduated loan and income contingent loan, over 15 and 20.5 years respectively, the totals would be a little over \$22,000, 28,000 and change, and over \$33,000 and change.

It would appear that the President wants to finance education through additional long-term debt that could in reality postpone a person's intentions of starting a family simply because of behavioral problems that the parameters being widened would discourage buying a house or buying a car.

Do you think this assessment by Business Week is an accurate assessment?

Mr. LONGANECKER. The numbers are accurate. I think the story line is not. Let me explain why. This is unlike you or me going out to buy a home and figuring out how to finance it. We have different financing options that we can look at, and our mortgage broker might provide us with different options.

What we have provided in the Income Contingent Loan program is a plan that allows people to make informed decisions, educated people to make informed decisions about how they can best handle the repayment terms of a student loan. They can still stay with the existing 10-year amortization schedule. In fact, we project that most students will continue to do that. But we also allow them to move into either an extension payment or extended repayment or graduated repayment based on what fits their circumstances. We think they are better decisionmakers on that than we would be.

Our experience was that many students experienced substantial difficulty with the loan programs that we had. So we think giving them greater options is in their best interest. Like in my case, when I moved here from a lower cost housing market, I had to look at a longer term loan simply to get into a pretty nice house, because it was a different environment financially. I couldn't have afforded to do that if I was restricted to a 15-year mortgage, but by being able to go to an extended time, I was able to do that.

That is what we are trying to do with student loans, is to give people that choice. We are trying to provide them with good solid information about the implications of whatever choices they might make and then leave it up to them, and if they make a mistake, we give them the option to move into one of the other plans.

Mr. KORNFIELD. The way this program has been designed, it permits people to select what is best for them. The problem we have is that the majority of persons default within the first 3 years after they leave school, and that is when they are at their lowest income.

The Direct Loan Program allows persons to pick a plan that meets their needs at that time, and as their financial condition changes, they could change back and forth depending upon their lifestyle. If you extend a loan program, you pay more interest and it costs more, but by letting people change back and forth, they can make that decision.

Another very interesting point about the loan program is the Student Financial Assistance Advisory Committee mandated by Congress had a meeting in Irvine, California, about a month ago

and they had a focus group of students. The students in that group indicated first how they see the advantage of being able to pay a lower rate while they start their careers and change as they go up.

The other thing is that these persons mentioned the fact that because of direct loans and ease of getting in and out of the program, they are borrowing less now because they borrow only what they need and it is so much easier for them to go back if they find out they need more money, unlike the present program where they tend to borrow the maximum. That is another thing that is going on.

Mr. BONILLA. Where did you move from where housing was much more reasonably priced?

Mr. LONGANECKER. Denver. Denver was a much different housing market than Washington, D.C.

Mr. BONILLA. Now your airport expense is going up.

Mr. Dickey.

OVERREGULATION OF LOANS PROGRAMS

Mr. DICKEY. Mr. Secretary, I have had contact with some people in my district about what is happening and I get the impression that we are dealing with more government, more regulations and that we are trying to take care of a few people at the expense of a lot of people. The private universities are those who have been contacting me and saying that because of defaults in other areas and lack of discipline, they are having to pay the price.

Do you view this as overregulation for those who have been in compliance with what you require?

Mr. LONGANECKER. I would say, yes, and we have been working since about August on a very strategic effort to look at ways in which we can reduce the amount of regulation and still maintain appropriate oversight within current law.

I don't think law was our problem here. I think in fact it was mostly our regulatory environment. We can change that to a great extent. This was a tough last 18 months for the higher education community because the Higher Education Act was amended in September of 1992 and we came to town shortly thereafter and began the process. It was our task then to implement that law and there were a substantial number of changes made to that law, including ones that increased the amount of accountability and oversight which we think was very appropriate because of abuses that had occurred in the programs. We think that law in fact found an appropriate balance.

But having said all of that, we also had in that law a requirement that we publish all of our regulations substantially in advance of when they could go into effect, so there were certain dates in the law. That meant that there were huge numbers of regulatory packages that were coming out over the last year as a result of that piece of legislation and that I think that has been very difficult for the higher education community to absorb. It is a function of the unique place we were in history, and we have now done all of that work.

We have put into place those regulations, and as we told the community during that time that we were in the process then of implementing current law and what we would try to do when that

was in effect was work on ways to improve current law. We have been working with many representatives from the higher education community to find ways to regulate less.

DIFFERENTIATION BY TYPE AND CONTROL OF INSTITUTION

Mr. DICKEY. Would one way be to separate the career colleges from the higher education colleges?

Mr. LONGANECKER. That is one approach. I think it is important to keep in mind that when you are putting out the kinds of dollars we are, there is potential abuse in the program and that abuse from our experience exists in all sectors. It is more prominent with for-profit career colleges than it is for other colleges.

Mr. DICKEY. What is more prominent?

Mr. LONGANECKER. The fraud and abuse. But it is also I think important to keep in mind that the majority of institutions in that sector do not experience fraud and abuse. They are fine institutions as well. So it is a matter of trying to find the appropriate balance.

Interestingly, one piece of the law with which many within higher education are quite uncomfortable, the new State postsecondary review entities, is the one piece of the law that is designed explicitly to allow differentiation by type and control of institution, it allows States to set different standards for proprietary schools or vocational schools or 2-year or 4-year, whatever the State chooses. They can choose to do that.

And it also has the effect of targeting for review only those institutions that trigger some indicator that they are placing either Federal dollars or students' educations at risk. So it has many of the features we talked about of a tiered quality assurance program.

Mr. DICKEY. Let me ask you this. If we turn down your request for a \$5 million increase and actually took money away from you, like the supply of money would dictate at this time, is there any way that would bring you to lessen the restrictions on higher education and put emphasis where the fraud really is?

Mr. LONGANECKER. Well, it certainly lessens the restrictions on higher education, because a piece of our gatekeeping goes away. But I don't think it reduces the appropriate oversight. We don't believe it does.

Mr. DICKEY. How would you do it if you had less money?

Mr. LONGANECKER. We wouldn't do that. What it would also do, we are afraid, is leave a substantial gap in necessary and appropriate oversight:

FRAUD AND ABUSE AT 4-YEAR INSTITUTIONS

Mr. DICKEY. What proof do you have of fraud and abuse at the secondary education level?

Mr. LONGANECKER. At the 4-year colleges and universities?

Mr. DICKEY. Yes. Do you have any—what percent?

Mr. LONGANECKER. Let me give you an example of the first institutions in the first three States that were triggered for review by SPREs. The first three States that came in were New York, Tennessee, and Utah. In those three States, of the institutions that were triggered for review by the SPREs, 57 percent were proprietary schools, 34 percent of those were private institutions, and 9 percent were public institutions.

Mr. DICKEY. What are proprietary schools?

Mr. LONGANECKER. Proprietary are the trade schools. Of the 34 percent that were private, most were not traditional private colleges and universities. Most were not in what we call the traditional Carnegie classification. Some were short-term programs. They were not-for-profit, but they were still vocational trade schools. About 50 percent of that 34 percent—about half—fell into that category. But the other half were 2- or 4-year colleges of the traditional variety—

Mr. DICKEY. Regarding private universities, what is the percentage of fraud, if that is the right word, or the dollar amount of fraud that you have found that private colleges have experienced?

Mr. LONGANECKER. I don't know what the percentage of dollars is. Obviously from the State postsecondary review entities, the dollars are zero because that program is still in the process of being implemented. It hasn't come up to speed yet. It is at the point where we are approving standards.

In the other areas of regulation, I would tell you I spend as much time working on issues—whether they are fraud, mismanagement, unintended abuse, or intended abuse—I spend as much of my time working on traditional 2- and 4-year colleges as I do on proprietary schools.

Mr. DICKEY. If we took away money and you had to reduce your staff, you would take that staff away from investigating those areas that do not have fraud as a historical basis, wouldn't you?

Mr. LONGANECKER. Absolutely.

Mr. DICKEY. Would that include private colleges? Is that the least amount of problem you have?

Mr. LONGANECKER. I don't think that is the right cut. We would look at other logical indicators. Type and control is not the logical indicator we would use. We would look at other things that have indicated to us in the past a potential problem, things like the rapid growth in the use of Federal funds, default rates, other types of things such as that, and then we would use on that cut much as they do in the State postsecondary review entities.

We have a set of criteria that we look at that helps us determine which of the institutions we are going to look at. We only look at about five to 700 institutions a year in our program reviews in the total universe of over 7,000. That is not a random selection. We are trying to focus our attention where those Federal dollars are most at risk.

DEFAULT RATES IN FFEL

Mr. DICKEY. I will go at it another way because I don't understand. Default rates—will you give me the classifications and tell me what the default rates were in the last reporting period?

Mr. LONGANECKER. I would be glad to do that. I don't have those before me, but I will be glad to provide you—

Mr. SKELLY. In general, the total default rate in the last reported year for all Federal family education loans is 15 percent. The rates for the for-profit proprietary vocational training schools is close to 35 and 37 percent, much higher than average. For a typical four-year public school, it is more like 8 percent and privates were even lower than that, probably 5 to 6 percent.

Mr. LONGANECKER. Private 4 years were 6.4 percent.

Mr. DICKEY. I am getting the point. Is there anything lower than the private four-year schools?

Mr. LONGANECKER. The foreign schools, which were 5.5 percent.

Mr. DICKEY. Schools in other countries?

Mr. LONGANECKER. Yes.

Mr. DICKEY. What are we doing giving money to other countries?

Mr. LONGANECKER. Federal law allows students in the United States to seek their education in another country in an approved institution. We have students at Oxford and Sorbonne and at medical schools throughout the world who are getting Federal dollars. By and large, they are not placing substantial dollars at risk. Their default rates are very low.

Mr. DICKEY. Let me ask you this question. I would like you to tell me honestly, do you really believe that you are going to get a \$5 million increase out of this committee?

Mr. LONGANECKER. We have requested a \$5 million increase and we would sure like it from you.

Mr. DICKEY. Do you really believe you are going to get it?

Mr. LONGANECKER. I am here to present our budget, not our estimations of what we would likely get from you.

Mr. DICKEY. If you keep smiling, there is no way I can get mad at you.

Mr. LONGANECKER. I will keep smiling, then.

Mr. DICKEY. Let me just tell you, I think you are playing us a tune. You come in and you ask for more and you just hope that you get the same amount you had last year. As far as I am concerned, and I don't know how everybody else stands, but there will have to be cuts everywhere.

PROPOSED PROGRAM CUTS

Mr. LONGANECKER. We have proposed elimination of about 20 programs and about \$150 million associated with those programs and those were tough cuts for us. We believe in those programs. We think they serve a useful Federal purpose. But in general—and the President has said this clearly himself, and we agree with him—we think that education is an investment in this country, an investment so important particularly at this time with the world in which we are a part and the importance of having greater human capacity and investment, that we think this is the wrong place for those cuts to occur.

The Executive branch of the Federal Government is prepared to enter into some fairly substantial budget cuts. We are obviously not proposing them in education. We understand that some of you may have different ideas and we want to work with you as closely as we can—

Mr. DICKEY. There will be some awfully good things that we are not going to be able to afford as a Government if we are going to balance the budget.

Do you understand that?

Mr. LONGANECKER. We understand that, yes.

Mr. PORTER [presiding]. Thank you, Mr. Dickey.

USES OF PELL GRANT FUNDS CARRYOVER

The budget document shows a carryover of \$472 million in Pell Grant funding. The President proposes to use \$372 million of the carryover to increase the maximum grant to \$2,500. Given the very tight constraints that we will face next year, why didn't the President propose using this money for cutting the deficit?

Mr. LONGANECKER. Similar to what I was mentioning a moment ago, as the President and the Executive Branch put together its budget, it did put together an overall comprehensive budget that allowed for a substantial tax cut and some additional budget deficit reduction but also some strategic investment.

We believe that—our actual preference is not to the \$2,500 but to the \$2,620 level associated with the overall package for education and training initiatives. That is a wise investment for this country that is important to make at this particular time. Is that helpful?

Mr. SKELLY. One of the reasons we didn't use that hundred million dollars to reduce the deficit—

Mr. PORTER. \$372 million.

Mr. SKELLY. There is another hundred million dollars that we didn't use because we wanted to make sure that we had enough money in the Pell Grant program. In the past, we had estimates of shortfalls and it has required Congress to appropriate additional money. We wanted to make sure this time when the Pell Grant costs have been fluctuating somewhat that we had sufficient funds in the program.

Mr. PORTER. You are estimating that the economy is going to go down again? You are using conservative economics.

Mr. SKELLY. Yes; because our estimate is not dynamic.

Mr. PORTER. Well, the \$372 million is being used to increase the maximum grant from \$2,340 to \$2,500. Then there is a second proposal which the budget suggests is contingent on the enactment of the so-called GI Bill legislation that asks for an additional \$384 million to increase the maximum grant to \$2,620.

For the record, is the Department requesting the additional increment of funding only in the event that the GI Bill legislation is enacted? In other words, if the legislation is not enacted, is the Department requesting the increase only to \$2,500?

Mr. SKELLY. That is correct.

TARGETING OF THE SPRE PROGRAM

Mr. PORTER. I want to go back to SPRE. It is unfortunate that Mrs. Lowey has not returned. As you know, our rescission bill terminates funding for SPRE. The concern is that SPRE is not well targeted. The statute calls for the Department to review all schools participating in Federal grant and loan programs according to 11 criteria. Any school that fails any of the 11 criteria is then reported to its respective State Postsecondary Review Entity, which must then evaluate the school according to 15 further statutory criteria.

I have a feeling that the statute was written with proprietary institutions primarily in mind. However, it applies to all institutions, and when you read the criteria, they really don't make sense if a

SPRE is reviewing a credible, reputable institution, which most are.

One might argue that credible, reputable institutions won't get triggered into SPRE reviews, but when I look at the budget justification, I wonder. In a 1994 justification, the Department estimated that 2,800 institutions would be subject to SPRE review in 1995. This is over one-quarter of all postsecondary institutions in the country. By a previous Department estimate, over 4,000 institutions would be reviewed every year when the program is fully implemented. The current budget request before us suggests that SPREs will review only 300 institutions in 1995 and 900 in 1996.

Does this decrease from earlier estimates represent a change in philosophy to better target the reviews on that sector of the industry with the greatest problems, or do these estimates simply reflect a slower implementation of the SPREs as previously hoped for, with the intention of reviewing thousands of institutions when the system is fully operational?

Mr. LONGANECKER. No. It is our estimate that as fully implemented, we will be more in the range of what we are talking about in this year's budget than what is reflected in last year's estimates, the ones that were included in the 1995 budget. This is a much more accurate representation of the program. We do not envision a program that will be looking at thousands of institutions a year.

We are looking at a stable state of 700—

Mr. PORTER. What about the targeting? You are actually enraging administrations and institutions who say, "this doesn't really apply to us; why are we doing all this work?"

Mr. LONGANECKER. We know that. In fact we have indicated to the higher education community we are fully aware of the anxiety out there. The Secretary and the President and certainly I as working for them have indicated that we would like to work with the higher education community, find out if there is a better way in which to do this.

Our education and training initiative includes a strategy for moving away from focus on 2-year and 4-year colleges and we are more than glad to try to work at how we can best do that. We would like to do that and develop that and have that ready to implement. However, before we move out of the SPREs because the way we have crafted the current regulation and law—if we do that too precipitously—we leave an important part of gatekeeping, that portion that focuses on consumer protection and performance outcome measures basically unattended to because that was the unique role that was relegated to the States both in the law and in the regulations.

LEGISLATIVE CHANGES TO TARGET SPRE PROGRAM

Mr. PORTER. Do you think that legislative changes are needed in the SPRE legislation to allow you to do greater targeting, or do you think you can do it without changes?

Mr. LONGANECKER. I think it is possible that we would want some legislative change. We are sitting down with the higher education community in the next couple of weeks. We anticipated that certainly our education and training initiative, the proposal we anticipated there would have required legislative change.

Mr. PORTER. Mr. Bonilla.

APPROPRIATION LANGUAGE FOR HISPANIC-SERVING INSTITUTIONS

Mr. BONILLA. To follow up on something we were discussing earlier about HSIs, Ms. Christensen, you said the budget has HSI language in it, but we can't find it. Can you tell us where the language is?

Ms. CHRISTENSEN. For the record, we will do that.
[The information follows:]

STRENGTHENING HISPANIC-SERVING INSTITUTIONS

As requested, the portion of the Amendment to the President's FY 1996 Appropriation Request dealing with Title III of the Higher Education Act is attached.

DEPARTMENT OF EDUCATION—OFFICE OF POSTSECONDARY EDUCATION

1996 budget appendix page	Heading	1996 budget request pending	1996 proposed amendment	1996 revised request
397	Higher education	\$931,511,000	— \$110,739,000	\$820,772,000

(Delete all of the language that appears under this heading and substitute the following:

For carrying out, to the extent not otherwise provided, titles I, III, *without regard to section 360(a)(1)(B)(ii)*, IV, [including chapter 2 of subpart 2 of part A] V, VI, VII, IX, [VIII,] *and* part A *and* subpart 1 of part B [, and part D] of title X [, and XI, *without regard to section 1151,*] of the Higher Education Act of 1965, as amended; *and* the Mutual Educational and Cultural Exchange Act of 1961 [, title VI, including part C, of the Excellence in Mathematics, Science and Engineering Education Act of 1990; section 1521 of the Higher Education Amendments of 1986 as amended by Public Law 103–239, to be administered by the Secretary of Education; part E of title XV of the Higher Education Amendments of 1992; and Public Law 102–423, \$962,842,000] , \$820,772,000, of which [\$8,060,000] \$2,015,000 for endowment activities under [section 331 of] part C of title III and [\$17,512,000] \$16,712,000 for interest subsidies under title VII of the Higher Education Act [, as amended, and \$4,000,000 for Public Law 102–423] shall remain available until expended [, and \$1,000,000 of the amount provided herein for title III shall be available for an evaluation of the title III programs.] : *Provided, That funds available for part C of title III of the Higher Education Act shall be available only for awards to recipients that are title III, part B institutions, as defined in section 322(2).*)

This proposal is part of the second phase of the Administration's reinventing Government initiative. The proposal would delete a portion of the appropriations request for the Higher education account. The amendment would reduce funding for the Strengthening Institutions program consistent with a two-year phase-out of the program, and would eliminate funding for the following programs. the non-Historically Black Colleges and Universities (HBCU) portion of the Endowment Grants program, Innovative Projects for Community Service, National Science Scholars, Douglas Teacher Scholarships, Harris Fellowships, Javits Fellowships, and Legal Training for the Disadvantaged. Specific activities that would be reduced are as follows:

Strengthening institutions	\$80,000,000	— \$40,000,000	\$40,000,000
Endowment grants	8,060,000	— 6,045,000	2,015,000
Program development	99,878,000	— 14,423,000	85,455,000
Scholarships	57,140,000	— 19,023,000	38,117,000
Graduate fellowships	59,268,000	— 28,284,000	30,984,000
Legal training for the disadvantaged	2,964,000	— 2,964,000	0

This reduction proposal was included in the FY 1996 Budget as an item to be transmitted to the Congress at a later date. The proposed budget totals would not be affected.

85-15 RULE

Mr. BONILLA. A question regarding working with Chairman Goodling about ironing out some of the problems with 85-15. This rule was one of the issues that I have hardly seen more bipartisan support for in trying to prohibit its implementation in spite of the Department's resistance. Many times we are so concerned about rules that we hurt good institutions. What is the status of your work with Mr. Goodling to try to fix this problem?

Mr. LONGANECKER. As you will remember in the last session, there was a 1-year extension of the implementation of that provision. While we have not supported that, it became the law and we certainly support the law. So we extended the implementation date and would implement the law a year after it was to have become effective.

One of the major concerns was that institutions had not had enough time to adjust to the upcoming implementation of 85-15, so the extension provides them with an additional year to adjust their accounting procedures and other factors to assure that they can come into compliance. In general, that is the law, so we will implement that piece of law. If there is further work to be done, we would be glad to work with folks on that. We do think that the basic spirit of that was appropriate.

I think it is fair to say that as we looked at some of the institutions that would be affected by it, we were also concerned that in some cases that could have a very deleterious effect on viable educational institutions. So we would be glad to work on that in the future, although our current plan is to implement that law when it becomes effective at the end of the year. I do believe that we had one court case that was also constraining our behavior. I will get back to you on that for the record, and recognizing your interest, we will work closely with you as well.

[The information follows:]

85-15 IMPLEMENTATION

A review of the court cases found no decisions constraining the Department. Court rulings have supported the Department.

Mr. BONILLA. I appreciate that. The bottom line is, have you or has Mr. Goodling contacted the Department about ironing out the problems?

Mr. LONGANECKER. The only contact we had is whether we were going to delay implementation for a year given that is what the amendment required. It wasn't that we would substantially change what we have done. I don't believe we have had anything in that regard. I will check the record on that and make sure we get back to you to clarify that.

[The information follows:]

85-15 IMPLEMENTATION

A review of the Department's records reveals no correspondence with Mr. Goodling on this subject.

Mr. BONILLA. Because if there are no modifications that satisfy some of the good schools that would struggle with the method of calculating, you are going to run up against another firestorm, a

bipartisan firestorm as you did last year in trying to implement 85-15. Thank you.

Mr. PORTER. Mr. Riggs.

Mr. RIGGS. Thank you, Mr. Chairman.

Good morning to the panel. I apologize for coming late again. Let me first of all focus in on what I know is a sensitive subject, something I know is going to be coming up for consideration and discussion in the authorizing committees soon, and that is the in-school interest subsidy.

PROPOSAL TO ELIMINATE IN-SCHOOL SUBSIDY

I would like to get your reaction to the proposal that would eliminate the in-school interest subsidy for low-income students, and if in fact you think that interest subsidy should remain in law, what the rationale or justification would be.

Mr. LONGANECKER. We are very concerned about the rumored proposal to eliminate the in-school interest subsidy that was included in the Contract With America. We think that this is not a time to disinvest in the in-school financial assistance and benefits for needy students to attend college. We believe this is a time for this country to invest in human capital and human potential and we see this as a substantial erosion of educational opportunity for needy students. So we oppose that.

We agree there needs to be ways to cut the Federal budget. We have proposed many of those as an Administration. Even within our own budget, we have proposed substantial reductions, including the full implementation of the Direct Loan program, which would achieve substantial savings. We don't think the right way to achieve those savings is on the back of needy students.

Mr. RIGGS. Do you think those needy students should have to pay interest in any form?

Mr. LONGANECKER. Not while they are in school.

Mr. RIGGS. Let me also—

Mr. KORNFELD. As you know, after they graduate and start repayment, they pay the same interest rate as everybody else does after they finish.

Mr. RIGGS. But you don't believe that they should have to pay interest either currently or on a deferred basis for that period while they are obtaining their education?

Mr. LONGANECKER. That is correct. We think that is a wise investment for the country. To do otherwise would increase their indebtedness to levels that for some of them would impede their ability to go to college, and for many others would increase their indebtedness to levels that would be counterproductive to them as individuals and to us as a society.

Mr. RIGGS. What about means testing?

Mr. LONGANECKER. They are means tested. Today the only students who get the interest subsidy are those who have assessed financial need. They have to go through our need analysis system and be deemed to be eligible. Only 5 million of the roughly 6.5 million borrowers in the program today get the subsidy.

The others actually have to pay the interest while in school. Today, if you don't have assessed need, you can still borrow but you

don't get the in-school interest subsidy. It is a reasonably well-balanced program.

Mr. KORNFIELD. People who get the in-school interest subsidy are students from the lowest income families in the country. Everyone goes through a means test and that is how the decision is made as to who gets subsidies.

Mr. RIGGS. I suppose an argument could be made that interest should still be paid, even if on a deferred basis, if in fact it is truly going to be considered a loan, a repayable loan.

SHIFT FROM PELL GRANTS TO SKILL GRANTS

Let me ask another question, and that is, you talk about shifting the Pell Grant program to the new Skill Grant program. We have had discussions in the authorizing committee about trying to maximize choice and competition in the job training arena.

I think it is safe to say that as we do this sort of bottom-up review and overhaul of job training programs, both adult and youth, that we are going to see an emphasis placed again on choice, either through vouchers or Skill Grants. I am interested to know more about how you would fold the Pell Grants into these Skill Grants and whether or not that would allow us to achieve any efficiencies or cost savings in the long run.

Mr. LONGANECKER. Essentially, you have laid out to a great extent what our proposal is. What we were trying to achieve in principle was an idea that achieved an appropriate balance between the Department of Education's responsibility and the Department of Labor's and how we could fashion a greater partnership with the States to achieve choice by individuals.

We feel that people can probably make better decisions about their future than we can, but they need informed choices so we have the one-stop centers that are part of the Department of Labor's initiative, and we have a strong gatekeeping oversight function which the Department of Education oversees.

COLLABORATION BETWEEN EDUCATION AND LABOR

So we were trying to work hand in glove with the Department of Labor to have a collaborative program that fashioned these two and that kept Pell Grants for students enrolled in longer term traditional education programs and the Skill Grants focused through labor to the States on those shorter term vocational programs.

One rationale was that the job markets for short-term vocational education are basically local labor markets. So the State is a very logical partner to be determining whether that is an appropriate area for study or not; do you need carpenters, do you need welders? And if you do need those people, is it better for us to be trying to estimate that at the national level or the State. So we were trying to fashion a logical separation and that seemed like a very good one, short-term vocational.

There has been a great deal of concern in the community about that separation. Earlier, Mr. Dickey asked if we should make a distinction between proprietary and other institutions. In our world, we have made one between short-term vocational and other institutions. But as we found out very quickly, these are very difficult divisions to make. The community colleges were very quick to come

in and share with us their concern because their students fit in both categories.

Often the same student will be in one of those and discover their potential while in a short-term vocational program and transfer into a longer term program, so it is a very artificial cut. On the basis of that, we will continue to work with the communities and with you folks to fashion the best public policy on what we think is a pretty sound philosophical idea.

SUPPORT FOR HBCU'S AND HSI'S

Mr. RIGGS. On page 5 of your testimony, you say we propose to continue support for the Nation's Historically Black Colleges and Universities and Hispanic-Serving Institutions. I am wondering how that statement plays alongside the current sentiment to go back and review affirmative action principles and policies with a concern for the fact that, in many cases, those policies have had an unintended effect of reverse discrimination against other segments of the population and created a backlash, if you will, that has pitted different groups of citizens against another.

Mr. LONGANECKER. We don't think there is any inconsistency here. We are reviewing all our affirmative action policies but certainly not abandoning them. Evidence is very strong that these institutions provide an extremely important link—and continue to today—to success for African-Americans and for Hispanics in this country, who have often been either denied access to traditional higher education or who are not served particularly effectively in many traditional higher education institutions.

Mr. RIGGS. Why would we need institutions that are exclusive to one racial segment of the population or which are predominantly segregated?

Mr. LONGANECKER. They are predominantly focused on minority groups. The reason we need them is they are extremely effective in bringing those people into the mainstream of American life and full partnership.

Mr. RIGGS. Why?

EFFECTIVENESS OF HBCU'S AND HSI'S

Mr. LONGANECKER. The research suggests that the cultural climate on the campuses is much more receptive to achievement for African Americans at HBCUs and for Hispanic students at Hispanic-Serving Institutions, that the faculty are more supportive, that the climate on the campus is more supportive of success than these students often experience in majority institutions. And that unfortunately continues to be the case today.

Mr. RIGGS. Well, allow me to make a request for that research that you just made reference to.

[The information follows:]

AFRICAN AMERICAN AND HISPANIC STUDENT PERFORMANCE

A study was conducted by Walter R. Allen, of the University of California, comparing African-American students attending both predominantly white and historically black colleges. The study reports that students attending historically Black universities reported better academic performance, greater social involvement, and higher occupational aspirations than Black students who attended predominantly white institutions.

Beyond individual characteristics, academic performance is affected by such factors as campus quality of life, racial relations, and social support networks. The study reports profound differences in the social-psychological context provided for African-American students at predominantly White institutions, compared to historically Black institutions. On historically Black campuses, students report feelings of acceptance, support, and encouragement. In fact, the study finds that historically Black universities provide positive social and psychological environments for African-American students that compare to those experienced by white students who attend white universities.

The results of the study were reported in the Harvard Educational Review in an article titled *The Color of Success: African-American College Student Outcomes at Predominantly White and Historically Black Public Colleges and Universities* in the Spring 1992 issue. A copy of the article will be provided to the committee separately.

Mr. RIGGS. I would like to express my reservations about that concept. It seems to me that an integrated society is not well served by separate or segmented academic institutions of higher learning, so this is an area that is of some concern to me. Perhaps we could visit at a later date or I could have the opportunity to review the research that apparently is out there in the public record.

Mr. LONGANECKER. I will find the opportunity to come up and we can spend time together.

Mr. RIGGS. Thank you.

Mr. PORTER. Thank you, Mr. Riggs.

ELIMINATION OF IN-SCHOOL INTEREST SUBSIDY

Let me comment that the elimination of the in-school interest subsidy is not part of the Contract. It was part of a budget proposal made by the chairman of the Budget Committee. Mrs. Lowey, we have completed a first round where everyone got 10 minutes. Now we will do five minutes.

Mrs. LOWEY. Thank you, Mr. Chairman. I understand while I was gone, you had additional questions about SPRE.

Mr. PORTER. I was hoping you were coming back because I wanted to get a question on SPRE.

STATE POST SECONDARY REVIEW PROGRAM IN NEW YORK

Mrs. LOWEY. I understand that my colleague, Mr. Dickey, discussed it too. Mr. Dickey, I think the New York experience is very helpful, might be helpful to all of us. First of all, as I mentioned earlier today, I think Dr. Longanecker's discussion of the program, calling it a consumer protection component, is similar to my discussion of it, and I would like to call it a taxpayer protection program. I think this is very important.

I also think that it is important for us to understand that this is a good example of a program that is now going down to the State level with some guidelines, but it goes to the State level. I will discuss what is happening in New York. On the State level, they can determine based upon the framework of the program which schools they should evaluate. I agree with you that in most instances, most of the 4-year schools are rather solid, and many of the problems are in the other schools—the trade schools, the vocational schools, the non-degree-granting schools. However, that is not always the case and many of them are very solid and giving these youngsters an opportunity to get a trade and to succeed and to do well.

In New York, we are making this program work. In other words, it is run on the local level the way most of the Majority wants programs to run, send it to the State level, but it is not an unfunded mandate. They are sending it with money. The State received a list of institutions to be reviewed. The schools on the list, as I understand it, only a handful were 4-year institutions. The State will be dealing with those schools on the telephone. So they are not going after those schools in the same way. There is no messy bureaucracy. With the information it has, the State can now target its work on those problem schools.

There has been so much myth and fear about this program that I think it is important to understand that this is a program that was developed at the Federal level, sending dollars to the State level, allowing the State entity to operate the program and use their judgment. To me, this is the way the program should work. If there are problems in the program, if the bureaucracy is not functioning as efficiently as it should, I will be the first one to say, let's straighten it up.

Mr. Dickey, as Mr. Longanecker mentioned before, I don't see any other components on the State level that would serve to really root out waste, fraud, and abuse. We want the entity most in touch with the schools to be able to go after the fraud, waste, and abuse.

I am not sure, Dr. Longanecker or Mr. Kornfeld, if you have information to bolster that, but it is my understanding that in New York this is functioning the way it should, and I am hoping that other States can learn from New York's experience and get their models up and running. I don't know if you have other comments about it.

Mr. LONGANECKER. I think as I have listened to the discussion here between you and the chairman and Mr. Dickey, we are all after the same objective, which is to have a strong effective oversight system, one that targets our most significant activities in the area where there is most risk.

Mr. DICKEY. And less expensive.

Mr. LONGANECKER. Yes.

Mr. DICKEY. That is one of the problems. What you said is fine—

Mr. LONGANECKER. I think that that is very important for the community. We don't want something that is imposing substantial burden on the community. We also do want to have from our perspective an appropriate oversight system so that we can convince you that the investments that we make in student financial assistance are being wisely spent—so we can demonstrate to you that this is a wise investment. And that is where we are headed.

We think that the SPREs as they were created are an important part of that overall balance, and if we lose that without changes, we have a gap. If there are ways in which we can do this better, we would love to work with you to come up with a way to do that better. We are quite comfortable with the law as crafted, much more comfortable than the higher education community is. If there is a way to achieve these objectives differently, that is cool. We will work with you on that. But we don't want to lose what we have achieved here in what we think is improved oversight.

Mrs. LOWEY. Thank you.

Mr. PORTER. Mr. Dickey.

Mr. DICKEY. No, sir.

Mr. PORTER. Mr. Riggs.

Mrs. LOWEY. We convinced him, Mr. Chairman.

Mr. PORTER. Mr. Riggs.

Mr. RIGGS. Mr. Chairman, there was one other question I had and I can't find it right now.

DIRECT LOAN PROGRAM ADMINISTRATIVE EXPENSES

Mr. PORTER. Mr. Kornfeld, the authorizing statute for the Direct Loan program created an entitlement for the administrative expenses of the program. We don't do that for Medicare or Social Security. Why should we be doing it for this program?

Mr. KORNFELD. First, let me make sure—the total cost of that allocation, most is going to private companies. Loans are an entitlement and so is Social Security and Medicare. This money has to be provided up front to the students and not subject to discussions on appropriations. Otherwise, it will adversely impact the access.

The way the programs work, for example, institutions get the money, they credit it to students' accounts and they do it up front. That is also the way most of the students pay their debt. And because of the way the program is put together, the funds have to be available at an earlier time.

I think Tom has another point that he would like to mention about why we feel it should continue to be done that way.

Mr. SKELLY. There are a couple of reasons why I think it is a good idea to have that administrative authority. One is that we have to have a certainty of funds available in the event that a guarantee agency during this transition has difficulties and we have to step in either to assure loan access to students who are served by that loan guarantee agency or to pick up costs. We had a big guarantee agency, the Higher Education Foundation, go out of business in 1991 and we were able to handle that, but if we had a large-scale disruption in guarantee programs, we need to have money to take action right away. That account provides funds not only for servicing the Direct Loan program but it also provides funds for the transition from the FFEL Program to the Direct Loan program.

LACK OF CONGRESSIONAL OVERSIGHT

Mr. PORTER. Mr. Skelly, let me say, if I may, that what you have done with the program is to protect it and it is protected from the appropriations process. That is very creative. The CBO estimates are written in such a way that they are very creative. It makes it very difficult to get at it that way. You say, "Boy, we did a great job, this Republican Congress can't get at our program because we have it written correctly for budget estimates and you have the administrative expenses protected as well." You will say we will do the same thing that the next Congress can't get at.

I think we will rue the day when we went down the road of forward funding programs, of writing rules that are so well crafted that minority rights were ended and hiding programs in ways in which the review process, which is what we are supposed to be

doing here, can't get at them. I don't think it is good policy at all in the general sense. This is an example of a bad policy to me.

Mr. SKELLY. I understand your concern. I would point out that under the law, we are required to report annually to the Appropriations Committees on how we use the funds.

Mr. PORTER. But if we don't like the way you are using them, we can't do anything about it.

Mr. LONGANECKER. Mr. Porter, I was part of putting together the legislative proposal and trying to sell it to you a couple of years ago. Part of our rationale at that point was one of equity and consideration. These same kinds of expenses today are covered as a mandatory expense in the FFEL Program. It is because it is a mandatory expenditure for the guarantee agencies or for the lenders, all of which are part of the subsidy costs that are paying for the similar kind of service.

Mr. PORTER. I guess I just don't believe very strongly in things that don't get reviewed or mandated.

Mr. LONGANECKER. I think that is a very legitimate concern. Part of our rationale at the time was if we were going to bring up a major new program, you will remember when we first came in, there was a good deal of anxiety about management activities at the Department of Education, whether we were adequately covered. Senator Nunn had hearings saying we didn't have enough staff to do the job.

We believe this is a great idea but we wanted to make sure at that time that we had the resources to pull it off. We didn't want to start a huge experiment with huge Federal investment and not be able to do it. I understand your concern, but that was the rationale.

Mr. SKELLY. This is a case where you spend some money on administration but get savings back.

Mr. PORTER. Hopefully. I have to say that Mr. Kornfeld has been very forthcoming in his answers to our questions. I very much appreciate his being here today, but he can sit there and say, "They can't do a thing about it; we are going to do it and we are not worried about it."

Mr. KORNFELD. I don't have that attitude.

CONTINUED FUNDING FOR PERKINS LOAN CAPITAL

Mr. PORTER. Dr. Longanecker, last year the budget proposed eliminating capital contributions to the Perkins Loan program. This year the budget proposes continuing funding for the program at \$158 million. Our staff has asked about this change.

I understand that the Department has responded by indicating the need to preserve the availability of direct loan capital, since Perkins is a direct loan program, during the transition between the FFEL and the Federal direct student loan programs—essentially having a program to bridge the gap during the transition. I am confused about this explanation because last year the Department proposed a 60 percent phase-in of Direct Loans in 1996 at the same time you proposed to terminate the Perkins program.

This year the Department proposes to accelerate the phase-in of the direct loans program to 80 percent but also to maintain the funding for Perkins. So the arguments about preserving the Direct

Loan capital during the transition period seems to run counter to what the Department has proposed during the last 2 years. I wonder if you could do a better job of explaining the switch on Perkins.

Mr. LONGANECKER. During the past year we had a fairly intensive effort of working with the higher education community—going out and asking them about where they thought our programs should be going in the future. We had four regional hearings and a great deal of discussion in that regard. So one of the things that we heard a great deal about in those hearings was concern about our apparent interest in divesting in the campus-based programs and the importance of those programs, including the Perkins Loan Program.

Many institutions were particularly concerned that with current loan limits, exceptional students—not the normal student, but the one who is unique—weren't able to borrow enough in a specific program and that Perkins was filling valuable needed services, filling gaps that existed for students out there. They felt that was extremely important.

We proposed maintaining all of the campus-based programs as we move forward this year because we weren't proposing any other massive changes and we felt it was important to have a stable environment and to be able to continue to assure that students had access to the kind of resources that were there in the past.

Is that responsive?

Mr. PORTER. I think so.

Mr. Riggs, any further questions?

Mr. RIGGS. A couple of quick ones, out of curiosity more than anything else. You talk about in your testimony, Mr. Secretary, that as part of a wind down of the Federal Family Education Loan program, the Department proposes that guarantee agencies—those are lending institutions?

STRUCTURE OF THE FFEL PROGRAM

Mr. LONGANECKER. No. These are agencies that reinsure the loans that the Federal Government has insured.

Mr. KORNFELD. The way the program works, it takes a bank, a lender, a guarantee agency to guarantee it and secondary market—there are 50 of those persons. The lenders get—in the next 5 years, will get \$5 billion from the Federal Government, interest subsidy and special allowances. There are 41 guarantee agencies around the country. They will be getting \$5 billion over the next five years and then there are 50 secondary markets that have issued \$16 billion of tax-free bonds and that is how that system works.

If we went direct loans, we would run the whole program with less Government employees than the FFEL Program has, plus we would have six to eight private companies scattered throughout the country who would be under contract to the Government.

Mr. RIGGS. So the program is funded amply with tax-free bonds?

Mr. KORNFELD. The lender issues a student loan. Some lenders keep the loan and service it. Most lenders sell the student loan to a secondary market. The secondary market buys the loans using tax-free money.

Mr. LONGANECKER. The guarantee agencies to which you referred, we provide them with an administrative cost allowance and

they charge students a guarantee fee and they have interest earnings on those investments in that reserve fund. Essentially, the reserve fund is to pay banks on defaults. When a student loan defaults, the guarantee agency has to pay the banks for the default and that is what the reserve funds are for. As the FFEL program phases down and there aren't loans in that, there is no need for the guarantee on those or the reserves to back those up so we would be reclaiming those reserves——

Mr. RIGGS. That is the \$1.1 billion figure?

Mr. LONGANECKER. Yes.

Mr. RIGGS. Does that represent interest earnings?

Mr. LONGANECKER. It is a combination of cost allowance we receive, what they receive in guarantee fees from students, and the interest on earnings in their accounts.

Mr. RIGGS. So that interest earns to the benefit of the Federal taxpayer?

Mr. LONGANECKER. That is correct.

Mr. KORNFELD. The major advantage is it eliminates all those levels.

EXPANSION OF THE DIRECT LOAN PROGRAM

Mr. RIGGS. Why would the Direct Loan program expand exponentially? Is the demand that great?

Mr. KORNFELD. No one is hostage. This is a voluntary program. Institutions up to this point select whether they want to be in the Direct Loan program or not. Each year when we have asked the institutions whether they want to be in, we have been oversubscribed. The reason is it is a lot simpler for the institutions and the students. As I mentioned before, the fundamental difference is that the Direct Loan program eliminates the middlemen, it is standardized, it doesn't matter where you get a loan—whether on the West Coast or the East Coast—and it is computerized. Because of that, it makes it a lot easier for the students and the institutions.

We have the name of the presidents of the institutions that are in the program and we would be pleased if you would talk to those persons and students that are in the program to hear what they have to say about how much easier it is. And students at a recent focus group told us that they even borrow less because it is so much easier, because they know if they need more money down the road, they can go back.

Mr. RIGGS. Is loss exposure to the taxpayer greater or less, in your opinion?

Mr. KORNFELD. We think it will be less because the majority of persons who default do so in the first 3 years, where they are at the lowest income of their life. This permits persons to pay based on their income—stretch it out. They can change that as they proceed and reach a position where they are earning more income. We think by giving those persons that opportunity we will see less defaults. Surveys have indicated that a number of persons default because they just cannot afford to pay the loan back. They can now pay it back based on their income rather than a fixed 10-year program.

Mr. PORTER. Mrs. Lowey.

Mrs. LOWEY. I have been a strong supporter of the Direct Lending program because I feel anything that would expand the dollars that we give to students to help them get an education is fine with me. What we want to do is lower the cost of the loans. I am very supportive of all your efforts.

NEW YORK HIGHER EDUCATION CORPORATION

I have one concern, however, that we have talked about in the past, and I wonder if it has been clarified. The New York Higher Education Corporation has been an excellent servicer of loans in New York State, but despite its excellent record, I believe there is question as to whether it can service loans.

Can you clarify that?

Mr. KORNFELD. Yes. There was a presolicitation conference yesterday where those private companies that are interested in bidding for this work have been invited. We will be selecting six to eight of these companies who will be the servicers. New York State, obviously—hopefully they will have been at this presolicitation.

The law also provides that when we evaluate the bids for this servicing that wherever practical, we give the State guarantee agencies at least some preference. I forget the exact words, but something to the effect that we should consider State guarantee agencies and try to make sure that if they can produce the work at a competitive price, we make sure that they get the Government contract. The contracts will be let sometime in October to start operating in January and hopefully many of the State guarantee agencies will participate.

Mrs. LOWEY. Thank you.

Mr. PORTER. I have two quick final questions.

FEDERAL ADMINISTRATIVE COSTS FOR FFEL

In your budget request, there is \$31 million for Federal administrative costs associated with the FFEL program. That request apparently is based on the proposal to accelerate the phase-in of direct loans to 80 percent of total loan volume. Current law calls for a phase-in of only 60 percent and the authorizing committee is, we think, very likely to report legislation capping the program at 40 percent.

Assuming that the loans are capped at 40 percent or at 60 percent, what would be the request for FFEL administrative expenses in those cases? You can supply that for the record.

[The information follows:]

FFEL ADMINISTRATION COSTS

The \$31 million requested in our FY 1996 budget for Federal administration of the FFEL program would support the Department's direct costs to operate the current program. In addition to these funds, our budget includes another \$271 million in FFEL administrative costs to be paid from mandatory funds set aside for FFEL transition and Direct Loan administration. The \$31 million would fund Department salary and expense costs that are unrelated to loan volume in the FFEL program, and so would not change if Direct Loans were capped at either 40 or 60 percent. Transition expenses such as guaranty agency administrative expenses allowances, however, are dependent on loan volume and could rise substantially if Direct Loan volume were capped.

Mr. SKELLY. I think we would have to reassess it based on the new law. Under current law, we can pay for all of that FFEL administration under the direct loan transition account, so if we needed extra money we could get it out of that account.

Mr. KORNFELD. This is the account you do not like, Mr. Porter.

Mr. PORTER. Also, if the authorizing committee caps it at 40 percent of total loan volume, would the Department need additional FTEs for the Direct Loan program in the next 4 years and, if so, why? And could you provide that number for the record?

[The information follows:]

STAFFING

We would not need additional FTE for Direct Loan administration and FFEL transition if Direct Loans were capped at 40 percent of new loan volume. By FY 1999, however, combined staffing levels for Direct Loans and FFEL would be 77 FTE higher under such a cap than in our current request because we would not be able to implement plans to reduce FFEL staffing levels by 251 FTE over the next four years. One of the advantages of the President's proposal to fully replace FFEL and Direct Loans is that this approach would eliminate inefficiencies and duplication inherent in simultaneously running two separate loan programs.

Mr. KORNFELD. We will have to reassess that if that occurs. We are gearing up to go past the 40 percent, but if the law changes, it would have to be reassessed.

Mr. PORTER. Thank you for your testimony. I think we have covered a great deal of ground and your answers were forthcoming and we appreciate that.

Thank you very much. The subcommittee will recess until 10 a.m. Friday.

[The following questions were submitted to be answered for the record:]

ESTIMATES OF REVIEWS BY STATE POSTSECONDARY REVIEW ENTITIES

Mr. Porter. The current budget before us suggests that SPREs will review only 300 institutions in 1995 and 900 in 1996.

Does this decrease from earlier estimates represent a change in philosophy to better target reviews on that sector of the industry with the greatest problems, or do these estimates simply reflect a slower implementation of the SPREs than previously hoped for with the intention of reviewing thousands of institutions when the system is fully operational?

Mr. Longanecker. The decrease in the number of reviews is the result of higher costs associated with the reviews and other SPRE activities, as well our ability to use only 6 of the eleven "trigger" criteria in referring schools to the SPREs for reviews in 1995 and 1996.

In the 3 States with approved standards, 106 institutions were referred during the initial phase of the program. Our assessment indicates that the SPRE program appears to be targeting institutions in the highest risk groups:

- 57 percent were proprietary institutions;
- 79 percent provided short-term programs (two years or less in length); and
- 82 percent provided primarily vocational education.

Mr. Porter. How many institutions does the Department estimate will be reviewed by SPREs on an annual basis when the SPREs are fully operational?

Mr. Longanecker. I don't believe that there is or should be any optimal number of annual reviews under the State Postsecondary Review Program. What I hope and expect to see is an eventual decrease over time in the number of schools that are triggered for review because of poor institutional performance. I expect that our gatekeeping and oversight activities, with SPREs as the anchor, will push out the poor performers and encourage the others to improve their financial management, cohort default rates, and regulatory compliance.

The number of schools that would be triggered using all eleven criteria is difficult to predict. For example, changes of ownership, control of an institution and significant fluctuations in the amounts of aid received by students attending an institution may not necessarily be indicators of poor performance as much as they are indications of potential risk of poor performance.

Once the program becomes fully operational we will continuously measure how effective each of the trigger criteria are in detecting problems--just as we currently do for our program reviews and verification selection criteria. If a particular criteria is found to be ineffective, we will propose that it be eliminated.

Mr. Porter. In view of the wide fluctuation in these estimates over past several years, with what level of confidence should we treat the previous answer.

Mr. Longanecker. You remind me of the man in Colorado who called up the weatherman to tell him he had just shoveled 10 inches of "partly cloudy" off his back steps. Our estimates are based on the best data and projections available at the time, and if we are allowed to continue with the implementation of the program I assure you that the accuracy of our estimates will continue to improve, as actual data from the SPREs becomes available. But we appear to be in somewhat of a paradox. We can't improve the accuracy of the estimates without a program history, and without continued funding we will not have that historical data to refine the program.

PELL GRANTS AND SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS

Mr. Porter. Dr. Longanecker, the SEOG and Pell Grant programs serve the same student population and have the same eligibility criteria. The only great difference between the two is the 25% institutional matching requirement and the flexibility institutions have to determine the amount per grant per student. Do we have a great need for two separate programs serving the same population, and should we consider combining these programs or perhaps terminating SEOG and rolling the funding into Pell?

Mr. Longanecker. Compared to the Pell Grant program, the SEOG program is relatively small-- a distinct subgroup of the Pell Grant recipient population. Only about 5 percent of all students enrolled in postsecondary education receive SEOG funds--slightly less than a million students attending 4,200 institutions.

The SEOG program plays an important role in achieving our objectives of access and choice for our low-income students. At private colleges and universities, nearly half of all students with family incomes under \$30,000 receive SEOG funding. In addition, almost one-fourth of these same type of students receive an SEOG at 4-year public institutions.

I don't believe that SEOG should be eliminated or consolidated with the Pell Grant program. I don't see any administrative savings that would come about from either of these actions since the SEOG program uses the same delivery system as the other campus-based programs.

If you were to eliminate it or combine it with the Pell Grant program, not only would you lose the Federal funds, you would lose the institutional match, worth \$155 million in FY 1995. While you be providing a nominal increase in the Pell Grant program, you would be taking significant amounts of money away from students with considerable need at our four-year colleges. The neediest students receiving SEOG awards would lose an average of \$745, while the average Pell Grant award for all recipients would increase only by about \$100. While the number of Pell Grant recipients would increase by about 90,000, these new recipients would be receive \$400, the minimum Pell award.

DIRECT LOANS FTE INCREASE IN FY 1996

Mr. Porter. Dr. Longanecker, the budget justification shows an increase of 206 FTE from 140 to 346 required to administer the Direct Student Loan Program in 1995. In addition, FTEs will increase by 150 from 346 to 496 in 1996. According to the budget, the increase for 1996 will be accomplished by shifting FTE within the Department.

However, I understand that roughly 440 Department employees are opting for early retirement under the Department's incentive plan this year. Is the Department achieving the increase of 206 FTE in the Direct Loan program this year by shifting personnel within the Department, and if not, why is the Department offering expensive buyouts to employees rather than transferring them to the Direct Loan program?

Mr. Longanecker. I should first clarify that the 346 FTE planned for FY 1995 support both Direct Loan administration and activities related to the phase-out of the FFEL program. Of this total, 140 FTE have been reassigned from other duties within the Department. In addition, increases in Direct Loan and FFEL transition staff in subsequent years will be accomplished almost exclusively by reallocating existing resources from elsewhere in the Department.

The decision to offer buyouts is not directly related to these increases in Direct Loan and FFEL transition staff, and was necessary for a number of reasons. Even as the Direct Loan Program expands, the Department's overall FTE ceiling will drop by 52 in 1996, and further decreases are expected over the years that follow. In managing this reduction, the Department has offered buyouts to higher-graded employees, managers, and supervisors to both reduce FTE levels and related costs and facilitate the development and implementation of a comprehensive, coherent streamlining plan. As a result of the targeted nature of these buyouts, most eligible employees either lack the requisite skills to effectively contribute to Direct Loan and transition activities or are at too high a grade level to be easily accommodated into the program's administrative structure.

DIRECT LOANS ADMINISTRATION COSTS REQUIRED UNDER 40% CAP

Mr. Porter. Dr. Longanecker, the justification indicates that the Department will expend the entire \$550 million authorized for Direct Loan Administration in 1996. However, if the 40% cap is enacted, rather than the 80% cap assumed in the budget, how much of that \$550 million would actually be required.

Mr. Longanecker. Under current estimates, a 40 percent cap would reduce Direct Loan administration and FFEL transition costs by about \$4.7 million for FY 1996. Savings are not greater because while Direct Loan costs would drop by \$32.2 million--including savings of \$23.5 million in Direct Loan origination and servicing costs--guaranty agency administrative expense allowances, which are based on FFEL loan volume, would increase by \$27.5 million. For details of these estimates, see the attached plan.

ACCOUNTING FOR DIRECT LOAN DEFAULTS

Mr. Porter. Dr. Longanecker, with regard to Direct Loans, one of the primary justifications you have offered for the transition from Family Loans is cost savings. You know I have been very interested in this matter for several years. Unfortunately, making comparisons between the old program and the new program is very difficult because the Department uses different accounting systems to monitor the programs.

I understand that one of the differences is that under the Direct Loan program, defaulted loans are considered to be "uncollected revenue" rather than "outlays". As such, these defaulted Direct Loans are carried on the Government's books as assets. Is this the case, and if it is, could you explain this system further and tell us how these "assets" are valued?

Mr. Longanecker. For the purposes of Department cost estimates, a defaulted loan under Direct Loans costs as much as a default under FFEL. That said, however, the method of accounting for those costs does vary between the two programs. Under Direct Loans, the Government acts as lender rather than guarantor. As a result, for accounting purposes the Government--like all lenders--considers outstanding loans to be assets, and defaulted loans to be nonperforming assets. As noted above, however, this accounting treatment does not affect program cost or savings estimates, or cost comparisons between Direct Loans and FFEL.

DIRECT LOAN PROGRAM FTE ESTIMATES

Mr. Porter. The budget request indicates that eventually 520 additional FTE will be required to administer the Direct Loan program. Will these FTE perform functions that would otherwise be performed by private sector employees in the absence of a Direct Loan program?

Mr. Longanecker. The 520 FTE are required for both Direct Loan administration and the transition from the FFEL program. Almost half of this FTE level reflects current Department staff who have been or will be reassigned from other duties. These Direct Loan and FFEL transition staff will not perform the functions of current private sector employees. In fact, the private sector will play a major role in the administration of the Direct Loans. All Direct Loans will be originated and serviced by the private sector through contracts with the Department--contracts that will be awarded on a competitive basis to ensure the best service for the lowest price.

Mr. Porter. What is the total annual cost of these 520 employees, including salaries, benefits, and other costs of employment?

Mr. Longanecker. The 520 FTE level will be reached in FY 1997 at an annual cost of approximately \$48 million. This figure includes personnel compensation and benefits, rent and other common support items, travel, supplies, equipment, and training.

Mr. Porter. Where are these costs reflected in the budget request?

Mr. Longanecker. They are reflected in the request for Direct Loan administration and FFEL transition costs under the Direct Loan program account.

Mr. Porter. Would the savings associated with the Direct Loan Program be less if these costs were fully recognized?

Mr. Longanecker. These FTE costs are fully recognized in the budget (on a cash basis) and so the savings would not change. In general, Department FTE costs would not be included as part of the net present value subsidy estimate, even if other Direct Loan administration costs were moved from a cash basis to a net present value basis as has been suggested. Changing the statute so that more administrative costs are estimated on an NPV basis would reduce the short-term savings resulting from the shift to Direct Loans.

HIRING FOR DIRECT LOANS

Mr. Porter. Is the Department having difficulty finding qualified people to fill the new slots related to direct lending?

Mr. Longanecker. No, we have a strong pool of qualified candidates from which to choose.

Mr. Porter. What is the average salary or grade of the new employees?

Mr. Longanecker. The average grade of our newly hired Direct Loans employees is Grade 7.

ADMINISTRATION OF DIRECT LOANS

Mr. Porter. Please describe the consultation process used by the Department in developing its plan for administering the Direct Loan program.. For example, what types of organizations were consulted in developing the program structure and procedures to ensure the integrity of the program?

Mr. Longanecker. For internal input on policy development, the Department of Education used policy groups to develop and approve all policies established in operating the Direct Loan Program. The Inspector General's office was involved from the start of the development cycle to ensure that to the full extent practical, program integrity would be maximized in the development of the Direct Loan Program. In addition, the Chief Financial Officer, Office of General Counsel, Budget Service, and the Office of Management and Budget also played integral roles in all policy development, including those areas dealing with program integrity.

From an external standpoint, we gained monthly input from virtually every higher education association concerned with student aid through a series of Direct Loan Summit

meetings that began in August, 1993. This included associations representing public and private schools, students, financial aid officers, guaranty agencies, and any other groups who desired participation.

All regulations, including those dealing with program integrity were subject to negotiated rule-making, which further enhanced input from all parties concerned about policy issues.

Mr. Porter. The budget request suggests that the Department spent \$47 million more in 1995 for administration of the Direct Loan program than was allocated for the year by the statute. Why was this over expenditure necessary?

Mr. Longanecker. As you know, the Student Loan Reform Act included \$2.5 billion in permanent authority to assure that sufficient funds would be available to support Direct Loan administration and FFEL transition activities over FY 1994-1998. Because there was no way to precisely estimate year-to-year administrative costs associated with the phase-in of an entirely new program, it was acknowledged at the time that the annual allocations within this \$2.5 billion reflected approximations, and the Secretary was given the discretion to carry over funds between fiscal years to support actual spending requirements. For example, only \$165 million of the \$260 million allocated for FY 1994 was needed for that year, leaving \$95 million available for use over FY 1995-1999. As you point out, we expect to use \$47 million of these carryover funds in FY 1995. These funds will primarily cover delayed bills from guaranty agencies for 1994 administrative expense allowance payments.

SOFTWARE DEVELOPMENT

Mr. Porter. Please summarize the expenditures and nature of those expenditures for software development and distribution.

Mr. Longanecker. Expenditures committed to software development as of February 28, 1995 were \$6,001,150. This amount was for the development of software to perform loan servicing. In addition, \$1,357,918 was spent under contract to develop software for schools to use in their internal operations on the campus.

Mr. Porter. Did the Department determine that no usable software existed in the private sector before undertaking development and distribution of its own software?

Mr. Longanecker. Yes, it was determined that no single commercial software package adequately provided the support needed by users and acceptable to the Department. Since this is a completely new program that demanded a customization of services and supporting software, the Department procured bidders in a competitive process to develop the needed software.

Mr. Porter. What would be the impact of a statutory prohibition on the Department's development and distribution of such software?

Mr. Longanecker. The development of the technical infrastructure of the program would be prohibited. There is no existing software program that is comparable in scope, capacity, or technical operational requirements.

IMPACT OF DIRECT LOANS ON GUARANTY AGENCIES

Mr. Porter. How many private sector workers will lose their jobs as a result of the termination of the guaranty agency system supporting the FFEL program?

Mr. Longanecker. The guaranty agencies currently employ approximately 5,200 employees. These are State or nonprofit agency employees--not part of the private, for-profit sector. Terminating the guaranty agency system would not occur for 10-20 years. New guaranty volume would cease, but the \$113 billion in outstanding guarantees would have to be serviced until borrowers eventually repaid the loans. In addition, guaranty agency staff would be needed to collect defaulted loans for several years. While the Department would not need the current 41 guaranty agencies, we would need some number of them to service existing portfolios and assume additional volume from closing agencies. The remaining agencies, faced with increased volume, would likely hire some staff from closing agencies. It is impossible to anticipate the exact number of guaranty agency employees who would lose jobs, because, as in Mississippi, some States will place laid-off employees in other State jobs.

Mr. Porter. How many individuals formerly employed in the guaranty system will be employed by the Department?

Mr. Longanecker. The Department does not plan to grant any preference to former guaranty agency employees. Assuming they apply for advertised positions, however, it is likely that Direct Loan contractors will hire a significant number of these individuals, since they can probably apply their knowledge and skills to the Direct Loan Program. Following the failure of the Higher Education Assistance Foundation (HEAF) in 1990, some of its former employees applied to and were hired by the Department.

PROJECTED DIRECT LOANS OUTSTANDING VOLUME IN FY 2000

Mr. Porter. What is the Department's estimate of the total outstanding FDSL loan volume by the year 2000?

Mr. Longanecker. Under the current phase-in path Direct Loan outstanding volume is estimated at \$86.9 billion by the end of FY 2000. If our budget proposal to accelerate to 100% were enacted, the outstanding volume would be \$139.2 billion by the end of FY 2000.

Mr. Porter. How does the Department evaluate long-term servicing costs, and will they be fully competitive with the private sector?

Mr. Longanecker. Direct Loan servicing will actually be performed by the private sector through a relatively small number of competitive contracts with the Department. The current service, for example, is a subsidiary of a large bank with extensive experience servicing FFEL program loans. In evaluating future servicing costs, we assumed that additional servicing contracts for expanded loan volume will have a similar pricing structure to the current contract, and applied a 4 percent annual inflation factor for all costs. The current contract includes many fixed-cost items, while providing for substantial price breaks at specified volume levels.

Mr. Porter. At what point will a default loss be recognized on a direct loan?

Mr. Longanecker. As in the FFEL program, a Direct Loan is considered to be in default if payments are delinquent by more than 180 days. For the purposes of default cost estimates, a defaulted loan under Direct Loans costs as much as a default under FFEL.

LOAN FORGIVENESS COSTS UNDER INCOME CONTINGENT REPAYMENT

Mr. Porter. What is the estimated volume of loans that will be written off under the loan forgiveness provisions for loans 25 years old or older?

Mr. Longanecker. The Department currently estimates 16.5 percent of borrowers will participate in Income Contingent Repayment (ICR) and, of the volume associated with those borrowers, approximately 1.5 percent will be forgiven under the ICR 25 year provision. Therefore, .25 percent of total loan volume or \$386 million is estimated as the amount to be forgiven based on loans made in FY 1996-2000. It should be noted that in the absence of ICR and this forgiveness feature, these loans would most likely default at some point prior to 25 years, thereby increasing Federal costs.

STRENGTHENING INSTITUTIONS

Mr. Porter. The budget requested \$40 million for the Strengthening Institutions Program, a 50% decrease from the 1995 level. What effect will this proposal have on funding for Hispanic-Serving Institutions?

Mr. Longanecker. Thirty-two Hispanic-Serving Institutions currently have 5-year developmental grants under the Title III, Part A Strengthening Institutions program. Under the budget proposal the Department would ratably reduce continuation grants under Part A. However, Hispanic-Serving Institutions—including those whose Part A grants would be reduced in 1996—would be eligible to compete for funds under Section 316, Strengthening Hispanic-Serving Institutions Program, which is not proposed for elimination.

RESCISSIONS

Mr. Stokes. Under the House rescission bill, higher education programs would be subject to a \$238 million cut. In fact, funding for the State Student Incentive Grants (SSIG) would be eliminated. What is your reaction to this proposal as it relates to SSIG in particular, and other higher education programs in general?

Mr. Longanecker. As you know, the Department also proposed a number of rescissions in higher education programs. We felt that these programs could be safely eliminated immediately without harming higher education. We also felt that other programs--including the State Student Incentive Grants--could be phased out or eliminated in the future.

Mr. Stokes. In your professional judgement, what is the impact on the Nation's education objectives in the short-term and in the long-term?

Mr. Longanecker. My biggest concern is over the timing of these rescissions for certain programs and the effect that it will have on people--people who have been counting on us to help them pay for their education. The higher education system in this country is highly resilient and can adjust to changes in Federal support. However, the higher education system also needs time to respond to change.

For example, you cannot eliminate graduate fellowship programs--like Jacob K. Javits Fellowships--in March or April when students are counting on the fellowship to meet educational expenses without having a significant impact on people's lives. Many of those who have these fellowships will not be able to return to school next fall. So the short-term impact on higher education of the untimely elimination of programs would be quite negative.

Another example is the SSIG rescission. The Department had proposed a two-year phase-out beginning in 1996 to give States lead time to plan for elimination of this funding. Some States, for example, use multi-year budgeting for their State grant programs, while others have legislative calendars that would not allow adequate time after the completion of the Federal appropriations process for States to consider funding alternatives. States--such as Virginia, Wyoming, and Utah--in which the legislature has adjourned will not be able to respond to the rescission until next year. As a result, awards to students in those states would either be reduced or eliminated. We want to avoid this kind of callous disruption in people's lives, which is the main reasons why we proposed to phase out the program over 1996 and 1997, instead of eliminating it immediately.

It is simply not fair at this point in the game to go back on the commitment we made last September to fund these fellowships and State grant programs.

Mr. Stokes. Do you agree that the programs the subcommittee has slated for funding cuts are the most palatable, if not, why not. Please elaborate on the impact that these reductions will have on the people served by these programs?

Mr. Longanecker. We believe most of the programs the committee proposed for rescission should be eliminated either now or in the near future. This is not the case, however, for the State Postsecondary Review program. The State Postsecondary Review program makes the States full partners with the Department and provides an additional tool in monitoring institutions participating in the Federal student financial aid programs. These programs will generate nearly \$34 billion in aid to students in fiscal year 1995 alone. The modest investment--\$20 million in fiscal year 1995--to assure that institutions are providing quality educational programs at a fair price is very appropriate.

State Postsecondary Review Entities are currently operating in all States. Most States are developing review standards, procedures for responding to complaints, and data systems to support the program. Three States--Tennessee, New York, and Utah--have had review standards approved by the Secretary and are prepared to begin conducting reviews. These States and others for which standards will soon be approved would conduct 300 reviews with the funds provided for fiscal year 1995. Under the proposed rescission, none of these reviews would take place--greatly limiting our stability to protect students and taxpayers.

STATE POSTSECONDARY REVIEW PROGRAM

Mr. Stokes. A number of leaders in the education community are concerned that the State Postsecondary Review program is too burdensome, causes roadblocks to effective operations, and would result in many four-year institutions being unnecessarily subjected to reviews. Can you address these concerns?

Mr. Longanecker. I have met on this issue with scores of officials from the higher education community since becoming Assistant Secretary, and I've listened carefully to their concerns--especially those expressed by the four-year colleges--about the program. Because this is a new program and we've been working for the last couple of years to work out the details in it, I think that there is a lot of anxiety over exactly how the program will actually impact individual schools after everything is said and done. That's understandable. To alleviate this anxiety, both the Secretary and I have expressed our willingness to work with the community to reduce unnecessary burdens.

I should also point out that thus far four-year institutions have not been heavily targeted. Of the 106 institutions referred to SPREs for review, 79 percent are 2-year programs or less, and 82 percent are primarily vocational.

One of the things that I hope surfaces from this work with the community, and which has gotten lost in the discussions over this program, is the tremendous amount of flexibility that it provides. States understand the culture of the higher education community in their State and can react sensitively to it. They are closer to the action, and take their responsibility for consumer protection seriously.

Mr. Stokes. To what extent will the proposed rescission impact this program?

Mr. Longanecker. The proposed rescission is unnecessary and potentially destructive to our efforts to eliminate fraud and abuse in the student aid programs. The State Postsecondary Review program is our insurance policy to protect the nearly \$34 billion in aid that will be available to students in 1995. The premium on that policy--\$20 million--is less than 6 cents for every \$1,000 of aid that we will provide. It will help us reduce loan defaults by students who have been victimized by unscrupulous school owners who provide them with only a debt instead of an education.

If these funds are rescinded, I fully expect the current State activities will be aborted. That will leave a true gap in our gatekeeping and oversight system. The SPRE program is a "funded mandate", and SPREs are prohibited by law from operating if Federal funding is not provided.

Rescission of the program would eliminate the only source of Federal support for State efforts to reduce abuse and protect students. States would lose an average of \$385,000. Since the rescission would put the SPREs out of business, States would also incur severance payments to individuals currently employed by the SPREs.

STUDENT LOANS IN-SCHOOL INTEREST EXEMPTION

Mr. Stokes. Would you please respond to the statement: If the student interest exemption in the Stafford Loan Program is eliminated, students' costs will go up 20-30 percent and greater debt loads will limit economic options after graduation. For many, these increased costs may cause them to forego higher education, and as a result, long-term improvements in the quality of life.

Mr. Longanecker. Student borrowers who qualify to receive the Stafford interest exemption are among our neediest students. If Congress eliminates the exemption, affected students will face a much higher debt burden. Stafford borrowers must show financial need to qualify--50 percent of Stafford borrowers report family incomes under \$12,000 while 76 percent have incomes under \$30,000--and some 5 million needy students now benefit. The total debt of a Stafford borrower who attends a four-year college and borrows the maximum would increase by approximately 18 percent. A graduate student could see a 25-50 percent increase, depending on his or her indebtedness level. Needy borrowers facing this high level of debt will likely feel more vulnerable to default. Consequently, they may restrict school and career choices, particularly if their desired area of study is a high-tuition program, or if they seek to enter a field with lower financial rewards. Some prospective students may even choose not to pursue a postsecondary education, fearing that future debt burdens would

hamper their ability to function effectively as an adult. Such restrictions would likely prove counterproductive, both to students as individuals and to society as a whole. College graduates are more likely to maintain employment, provide more tax revenue, and make fewer demands on government.

TRIO PROGRAMS

Mr. Stokes. The Fiscal Year 1996 budget request places equal emphasis on sustaining services that address the non-financial barriers to college entrance, retention, and graduation, this is especially true of the TRIO programs, as well as the financial aid programs which address financial barriers to higher education. Why do you think that the types of service that TRIO programs provide are so important?

Mr. Longanecker. We believe that success in higher education is the result of a process that begins early in a student's education career. Efforts to reform student financial aid--if it is to reach the truly needy and encourage access and full participation in postsecondary education for all Americans--must be accompanied by early intervention designed to encourage at-risk students to stay in school and pursue academic courses that lead to postsecondary education. The request for the TRIO programs, which provide student information and support services to disadvantaged students, supports and complements the Department's student financial aid programs and helps to ensure that postsecondary education access and opportunity are available for disadvantaged students, including women and minorities. The TRIO programs help ensure that the American workforce is a true representation of the multicultural and diverse backgrounds that make up America.

Mr. Stokes. What is the TRIO program's role in increasing Americans' competitiveness in the world market?

Mr. Longanecker. As a result of current economic trends and technological advances, the American workforce of the future will need to be highly trained if this country is to enjoy continued economic growth. To be competitive in the world economy, all Americans must have the opportunity to graduate from high school and have access and opportunity to participate in a broad array of postsecondary education options. Because the TRIO programs provide services designed to specifically address these issues--increasing college entrance, retention, and graduation rates for our most disadvantaged citizens--the TRIO programs contribute directly and significantly to increasing American's competitiveness in the world market.

Mr. Stokes. The Department's FY 1996 Budget Request freezes funding for the TRIO program at the current FY 1995 funding level, this action in effect forces a reduction in programmatic funding and in the number of students served, as there is no allowance for inflation. The success of the TRIO programs is well-documented. Why cut funding for this valuable program?

Mr. Longanecker. The Administration has not proposed to cut funding for the TRIO programs in fiscal year 1996. As you noted, however, we have not sought additional funding

either. It is important to note that funding for the TRIO programs has increased 90 percent in the last five years--from \$240 million in 1990 to \$463 million in 1995.

The Department is currently conducting evaluations of the two largest programs--Upward Bound and Student Support Services--to determine program effectiveness. Future budget requests will be based in part on the results of these evaluations.

Meanwhile, the FY 1996 request of \$463 million reflects a continuing commitment to ensure access to postsecondary education for all Americans, including our most disadvantaged and vulnerable.

Mr Stokes. Under the Fiscal Year 1995 rescission, \$11 million would be cut from the TRIO program. Specifically, what would be the impact on students if FY 1995 funding for these programs are rescinded?

Mr Longanecker. The Administration strongly opposes the rescission. If enacted approximately 40 fewer Upward Bound projects would be supported in FY 1994. In addition, as many as 3,000 low-income, first-generation high school students will be denied vital academic, counseling and other support services that would help get them on a college-bound track.

HARRIS AND JAVITS FELLOWSHIPS

Mr. Stokes. What is the rationale for the proposed elimination of the Harris and Javits Fellowship Programs?

Dr. Longanecker. In view of the level of postsecondary education financing available to graduate students, and considering current fiscal constraints, the Administration does not support continuing the Harris and Javits programs, which take significant resources to administer and serve a small number of students. In 1996, some \$8.8 billion in student loans will be made to graduate students--including those currently served by the Harris and Javits programs. The income-contingent repayment option under the new Direct Loan program will be especially valuable to graduate students uncertain of their future earnings potential.

In addition, the Harris program, which serves minorities and women underrepresented in graduate education studying in fields of high national priority, duplicates the Graduate Assistance in Areas of National Need (GAANN) program, for which 1996 funds are being sought. The GAANN program, which is a broader, more flexible authority than Harris, requires grantees to ensure that talented students from underrepresented backgrounds--including women and minorities--participate in the program. Unlike Harris, GAANN also maximizes the Federal investment by requiring schools to provide matching funds.

Mr. Stokes. What would be the impact on students if FY 1995 funding for these programs are rescinded?

Mr. Longanecker. Rescinding \$10.1 million of the fiscal year 1995 funds for the Harris programs--as passed by the House--would result in loss of funding for approximately 431 students. A rescission of the entire 1995 appropriation would eliminate funding for 859 Harris fellows and 350 Javits fellows.

PUBLIC SUPPORT OF FEDERAL STUDENT FINANCIAL AID

Mr. Stokes. According to a recent national poll, 89 percent of the survey respondents believe that it is important for the government to fund financial aid. Social Security was the only program considered more important than financial aid. Research has shown that student aid has remained a sound national investment increasing productivity, stimulating economic growth, and expanding the tax base. Today the Federal government provides 75 percent of grant, loan, and work assistance which enables young people from low and moderate income families to go to college. This is taking place against a backdrop of declining state support for student aid.

If the Federal government cuts back on its traditional role of providing opportunity at the postsecondary level, what would be the consequences?

Mr. Longanecker. Both the Secretary and I believe that the consequences for the Nation's economy would be quite serious. Federal assistance for postsecondary education has fueled economic growth in our country since the end of World War II --starting with the GI Bill and later with the Higher Education Act.

We also believe that cutting student aid is very short-sighted. The investment in student financial aid has a real and tangible return to the Federal government. For example, every dollar we invest in a young person today in financial aid returns to the Federal Treasury eight times in taxes paid over the individual's lifetime in real terms.

"CONTRACT WITH AMERICA"

Mr. Stokes: The fiscal year 1996 President's Budget request includes a total of \$35.8 billion, or a 10 percent increase over the comparable 1995 funding level to provide grant, loan, and work-study opportunities for over 6.6 million low-to-middle income students. When the Contract with America is superimposed on this national investment in human intellectual capital, the number of students supported plummets to 30 to 40 percent. Approximately two million fewer students would receive financial aid. Would you comment on the Administration's concerns with respect to the "Contract with America" approach to financial aid support for American students?

Mr. Longanecker. Although details of the "Contract" in this area have not been spelled out, it appears that elimination of Stafford Loan in-school interest subsidies to low- and middle-income students is being strongly considered. That is clearly a move in the wrong direction.

The impact that this proposal on students throughout the nation would be dramatic. More than 4.9 million student borrowers would be affected by the elimination of the in-school interest subsidy in the FFEL and Direct Loan programs in fiscal year 1996. Access to postsecondary education and educational opportunities for the middle class would be sacrificed to save an estimated \$13 billion over the next five years. Three-quarters of all undergraduate borrowers under the subsidized Stafford loan program are from families with incomes below \$75,000. Students from low-income families would bear the brunt of this proposal. Nearly half of all undergraduate borrowers under the subsidized Stafford loan program are from families with incomes below \$20,000.

Elimination of the interest benefits would result in a significant increase in accumulated debt by requiring interest to be capitalized during the time a student is in school. For example, a student who borrows the maximum amount authorized each year as an undergraduate and capitalizes the interest while in-school will leave higher education with 18 percent more debt than actually borrowed. And at today's college costs, that is a significant amount. That means a young woman who borrows \$17,125 would owe \$20,272 when she graduates. Her monthly payment under the traditional ten-year fixed payment plan would increase by a similar amount--from \$210 to \$249. For a graduate student who borrows the maximum amount each year, the result of capitalizing the interest would be a 23 percent increase in both debt (total amount borrowed--\$37,125 plus interest capitalized--\$8,518) and monthly payments from \$455 to \$560 (for a fixed-payment, ten-year amortization).

Recent studies, including a soon to be released GAO report, indicate that the amount of accumulated debt does negatively impact academic persistence. This suggests that a student who borrows too much--or accumulates debt in other ways, such as capitalization--may be less likely to complete a degree program.

PELL GRANTS AND SKILL GRANTS

Mr. Stokes. The proposed division of the Pell Grant program by creating the "Skill Grants" program and the transfer of responsibility for administering the Skill Grant program to the Department of Labor appears to be administratively cumbersome. What is the benefit of the proposed division?

Mr. Longanecker. The current Pell Grant program is an important ladder into the middle class and helps to raise the college participation rates of low-income students. However, for the one-third of the Pell Grant recipients in non-degree programs the current program is not well-integrated with other Federal, state, and local training and job placement services. Pell Grant recipients receive little information on career options and training quality, making them easy targets for unscrupulous training providers.

The Administration's GI Bill for America's Workers would replace the current patchwork of Federally funded workforce development programs with one interrelated workforce training system. The Labor Department's Skill Grant component of the GI Bill would:

- Empower individuals with the resources to choose appropriate training, along with counseling and detailed reports on training providers
- Provide customer friendly "report cards" on eligible training providers spelling out such things as the job placement success of graduates and their earnings in relation to the cost of the program, and
- Ensure that only institutions with good track records will survive.

Mr. Stokes. Why transfer administrative responsibility for the program to the Department of Labor and have SPREs used to monitor schools who admit Skill Grant recipients?

Mr. Longanecker. SPREs would not be the only means of oversight under the GI Bill. The new system will reflect the principles of performance-based management at all levels. Training institutions will have to provide data to the public and to the Federal Government on how effectively they are using resources. They will also have to meet minimum quality standards in order to receive Federal funds. The Labor and Education Departments will assess the system's overall performance at the national level and make its performance the basis for future budget proposals. In addition, the SPREs can make improvements in the quality of the training provided under Skill Grant and the Department's student aid programs.

Mr. Stokes. What was the rationale, would not the same rationale apply to the transfer of vocational education programs?

Mr. Longanecker. The creation of the Skill Grant program at the Department of Labor has been proposed in order to create a comprehensive system that integrates various Federal and State training opportunities, counseling, and job assistance programs. It is not enough to simply provide people with the money, we must also ensure that the money is used wisely and will result in gainful employment.

A variety of options were considered. However, because the JTPA adult recipients and the Pell Grant non-degree recipients have similar training objectives, it made sense to serve them in one program. The Labor Department is the most logical agency to administer the program, especially considering the large degree of integration and coordination with States and other workforce training activities that are planned under the GI Bill for America's Workers.

Education Secretary Riley and Labor Secretary Reich have forged an important partnership between the two agencies for improve school-to-work opportunities. The GI Bill for America's Workers is an example of this partnership. It is not simply a program

consolidation nor a shifting of funding responsibilities between Federal agencies. It is a fundamental change in approach to see that individuals succeed in getting the skills they need to get better jobs. Unlike the Pell Grant and JTPA programs, the vocational education programs primarily serve students enrolled in programs provided by secondary schools, and it is therefore more appropriate for the Education Department to continue to administer these programs. Using the School-to-Work Opportunities Act as a model, with its emphasis on State and local planning, the Department has proposed to consolidate the 12 Vocational Education programs into 2 programs, and to encourage the same kind of systemic education reform that we are beginning to see in the elementary and secondary programs.

FRIDAY, MARCH 3, 1995.

EDUCATIONAL RESEARCH AND IMPROVEMENT

WITNESSES

SHARON P. ROBINSON, ASSISTANT SECRETARY FOR EDUCATIONAL RESEARCH AND IMPROVEMENT

EMERSON J. ELLIOTT, COMMISSIONER, NATIONAL CENTER FOR EDUCATION STATISTICS

SALLY H. CHRISTENSEN, DEPUTY ASSISTANT SECRETARY FOR BUDGET

CAROL A. CICHOWSKI, DIRECTOR OF SPECIAL EDUCATION, REHABILITATION AND RESEARCH ANALYSIS, BUDGET SERVICE

Mr. PORTER. The subcommittee will come to order.

This morning we are delighted to welcome Dr. Sharon Robinson, Assistant Secretary for Educational Research and Improvement, as our hearings continue on the budget for the Department of Education for fiscal year 1996.

Dr. Robinson, you may proceed in any way you would like.

Dr. ROBINSON. Thank you.

Mr. PORTER. Please introduce the people that are with you.

INTRODUCTION OF WITNESSES

Dr. ROBINSON. I will. Thank you, Mr. Chairman.

I would like to introduce my colleagues at the table, Emerson Elliott, the Commissioner of the National Center for Education Statistics; Sally Christensen and Carol Cichowski from the Budget Service from the Department of Education.

OPENING STATEMENT

I have provided a written statement for the record, but I would like to just briefly introduce the Office of Educational Research and Improvement [OERI] request for 1996. It is my privilege to present the President's request for the Office of Educational Research and Improvement. This request meets several very challenging standards. First, it is an example of an essential Federal role—namely providing examples of good practice that have the potential to inspire the field to change educational services in order to support improved student achievement.

The budget request before you presents to the States and locals a service that will help them as they go about implementing school reform policies and strategies to improve student performance.

Further, this budget request offers a portfolio of work that acts on behalf of our colleagues and customers in the field and does what they could not do acting alone. The budget request offers a program of work that would leverage and coalesce with State and local efforts all on behalf of improved student performance.

This request is based on our understanding of needs from the field, after having gone out to consult in the field, from both public conversations and voluminous comments provided to us through a Federal Register request.

Finally, this request is based on very important and inspiring opportunities to advance our knowledge and understanding about good practice in education. And in that regard, it will support learners of all ages.

This is an austere but ambitious plan of work. It has been designed in consultation with our customers, with the end users. It has also been designed in consultation and collaboration with other offices within the Department of Education and across the Government.

IMPACT OF OERI RESTRUCTURING

Our agenda builds on past investments. OERI is now structured administratively to implement this program. Our five Institutes are in place and now have the capacity to initiate and coordinate research and development (R&D) activity within the Department and across the Government. The National Center for Education Statistics (NCES) is in the process of restructuring itself so that we remove layers of management and get the staff more closely related to one another and to their customers.

The National Dissemination System is now in place and ready to be implemented through the Office of Reform Assistance and Dissemination.

The staff is now in place and ready to initiate the National Education Library, both in fact and through virtual library services that use various forms of technology.

And our National Educational Research Policy and Priorities Board has been appointed and will meet at the end of this month.

HIGHLIGHTS OF THE OERI BUDGET REQUEST

As to the details of this budget request, we are asking for an increase of over \$11 million to support the basic research activity that will be undertaken through the Institutes. The Institutes will collaborate and will have an opportunity to initiate a very comprehensive portfolio of work, including centers which conduct institution-based R&D activities and field-initiated studies.

We are also requesting increases in the Statistics and Assessment activities. I will ask Mr. Elliott to provide further details on those requests.

In the Fund for the Improvement of Education (FIE), we are proposing to initiate three new studies, though we have requested level funding. These studies will focus on areas of concern that come to our attention as we consult with the field.

One study will have to do with reading—understanding more about how to engage parents and others in support of advancing reading instruction for young children.

Another study will have to do with designing tools and understanding the policy support required to initiate reform at the State and local level.

We would also like to engage in a study that would provide in-depth case studies of reform as it is being implemented in the field.

An important aspect of this request is the increase we have designed for the Eisenhower Professional Development Federal Activities. These activities are key. We now understand that a part of our effort must be engaging practitioners in intense dialogue around new research findings and new strategies so that they can actually embrace these findings and put them into practice.

Further, all aspects of our National Dissemination System are included in this budget request, including the Educational Resources Information Center (ERIC), for which we are asking a modest increase. We will implement a Christa McAuliffe Fellowship program under the Eisenhower activities. We will also be implementing the National Diffusion Network and the Javits Gifted and Talented program, all as parts of our National Dissemination System.

In the Libraries account, we are requesting a modest increase for Public Library Services, Titles I and II of the Library Services and Construction Act, and in public library construction, so that we can promote the focus of library programs in support of the national education goals and also encourage their participation as part of the national information superhighway.

[The prepared statement and biography of Sharon P. Robinson follows:]

DEPARTMENT OF EDUCATION

Statement by

Sharon P. Robinson

Assistant Secretary for Educational Research and Improvement

on

Fiscal Year 1996 Budget Request for the
Office of Educational Research and Improvement

Mr. Chairman and Members of the Committee:

Thank you for the opportunity to discuss the President's proposed 1996 budget request for the Office of Educational Research and Improvement. My statement covers both OERI accounts: the Education Research, Statistics and Improvement account and the Libraries account.

Our budget details the investments that are necessary if OERI is to succeed as a service agency that is responsive to a wide array of constituencies, respectful of the reservoir of good sense that resides within local communities throughout the Nation, and poised to seize new opportunities that will advance our knowledge of the prerequisites for quality educational service. The budget proposal before you, while austere, is nonetheless a statement of support for our customers—for the teachers, parents, policymakers, and business and community leaders who will do the "heavy lifting" as we complete the transformation from a nation at risk to a nation prepared. States and local school districts are engaged in an unprecedented level of activity directed toward educational improvement. They are laboratories of reform. They must be empowered with the latest and best knowledge to improve teaching and learning. And their efforts must be the subject of rigorous study to ensure that new knowledge is acquired--and shared. OERI is committed to meeting this challenge, and we are positioned to be most effective in carrying it out. Supporting research and statistics to help improve American education has been an acknowledged Federal role since 1867.

We are here to ensure that the Nation's tremendous investment in education is used as effectively as possible to increase student learning. We are best positioned to tap the research capacity and the means of dissemination necessary to provide coherence to State and local initiatives. By providing leadership and coordination, we can halt the duplication of efforts and the ad hoc approaches to education reform that leave the public bewildered, pessimistic, and cynical. We must ensure the success of OERI as a non-partisan agency that serves as the Nation's clearinghouse for the most promising, practical, time-tested, research-based ideas on how to transform teaching and learning. The harsh lesson of recent years is that educational reform in the absence of a comprehensive, cohesive, and accessible research and development foundation will once again become a patchwork quilt of fragmented and conflicting elements.

OERI has always made the case--persistently and insistently--that more demanding expectations generate improved student performance. And it was OERI-supported research that gave substance to the conclusions in A Nation At Risk that the ideal of equity, for which we continue to strive, need not and must not dilute our national commitment to excellence. In addition, we recognize that to help all children achieve to high standards, we must provide for relevant professional development activities for our Nation's teachers.

In brief, OERI is delivering. The work of our new Institutes is facilitated and enhanced by the regional educational laboratories and the National Diffusion Network; by NCES activities that track student achievement; by the technology-based initiatives of our Library Programs; and by the National Library of Education and our award-winning ERIC system, both of which make us a key player in the Federal information service system.

This entire research and development infrastructure will soon be supplemented by our congressionally-mandated National Educational Research Policy and Priorities Board, a critical component in our efforts to ensure that we remain responsive to the views and concerns of all education stakeholders.

This new Board will be charged with representing the interests of practitioners, researchers, policymakers, and other concerned citizens. These are voices we must hear and must heed as we map out five-, 10-, and 15-year education research agendas.

RESEARCH

The new OERI, if it is to become an authentic national resource for America's \$500 billion education enterprise, must have the capacity and the resources to enhance teaching and learning through the scaling up of notably effective programs and practices.

New investments in research and development proposed for 1996 would address our Nation's most critical needs in the areas of early childhood education, the achievement of elementary and secondary students, the education of children placed at risk, education finance, and postsecondary education and lifelong learning.

Our 1996 request includes \$97.6 million for our Research activity, an increase of \$11.4 million over the 1995 level. Within that total, \$43 million would support the work of the newly authorized National Research Institutes. Under the law, each Institute must devote at least one-third of its annual budget to long-term research carried out by university-based research and development centers and at least 20 percent to field-initiated research, increasing to 25 percent in 1998 and 1999. Of the \$43 million in Institute funding, \$28.2 million would support research, development, and dissemination through national research and development centers, including continuation of two existing centers as well as several new centers that are to be competed next year. OERI is currently engaged in a public planning process to identify the topics of the new centers. Most of the remaining Institute funding will support a redesigned field-initiated studies program, which will permit practitioners and researchers to identify the most promising research topics and opportunities.

The collaborative work of our Institutes is mirrored in our relationship with other agencies within the Department of Education. For example, our efforts to fortify the provisions of the new Title I make us partners with the Office of Elementary and Secondary Education and the Office of Bilingual Education and Minority Languages Affairs. Our mission also takes us beyond the boundaries of the Department to other Federal agencies. Our recent report on the educational quality of the workforce was a joint project with both the Department of Labor and the Census Bureau and will be a critical document as we design links to support the school-to-work transition.

Another \$52 million of the Research funds would be used to help support a national education dissemination system of which \$41 million would fund the regional educational laboratories and \$9 million would fund the Educational Resources Information Center (ERIC). The regional labs, designed to help educators and policymakers implement effective school improvements and solve State and local problems, are being recompeted now with new, five-year contracts to be awarded in November, 1995. The award-winning ERIC program, through its network of 16 subject-specific clearinghouses and supporting services, is integral to the national education dissemination system. The remaining \$2 million in dissemination system funds would support INet, the Internet node for OERI, as well as support publications and other dissemination costs.

The National Library of Education would be expanded by \$1.6 million to serve as a central source of information within the Federal Government on education issues.

Support for the National Educational Research Policy and Priorities Board is requested at \$1 million, the same as in 1995, to assist in the development of a research priorities plan and standards for OERI-supported research.

STATISTICS AND ASSESSMENT

One of the most basic and established tasks of OERI is statistical information collection. Our efforts provide the American public and education policymakers with a detailed portrait of where we have been and where we are headed. We seek to be a catalyst for solutions, connecting citizens at the local level with the best information garnered from large-scale national surveys and assessments. The National Center for Education Statistics is the government's time-honored thermometer of educational progress. People count on it.

The 1996 request includes an increase of \$8.8 million or 18 percent for the data collection, analysis, and reporting activities of the NCES. This request includes funds for a program of statistics that has evolved over the past decade in response to legislation as well as to the expressed needs of researchers, policymakers, and practitioners. NCES is positioned to meet the accelerating demand for a reliable statistical base with new technologies that will make it both more efficient and more useful to parents, teachers, and administrators who wish to monitor the impact of local reforms by reference to national trends.

In addition, we are requesting an increase of \$5.2 million or 16 percent for assessment activities, including support for the National Assessment of Educational Progress

and for the activities of the National Assessment Governing Board. The NAEP is used widely to judge the overall effectiveness of national educational improvement efforts and is the primary source of information for assessing and reporting progress toward National Education Goal Three, student competency over challenging subject matter.

PROFESSIONAL DEVELOPMENT

OERI recognizes that supporting the educational research and development infrastructure must include concentrated focus on developing and enhancing the talent and productivity of all members of the education community. In particular, teacher development must be seen as worthy work in which the best practitioners create a future in harmony with their most ambitious vision of professional excellence. America's teachers deserve user-friendly research projects that inspire instructional innovation, facilitate systemic change, and offer them authentic opportunities to hone their professional skills and expand their intellectual horizons.

It is these principles that undergird our request for an increase of \$13.6 million or 64 percent for Eisenhower Professional Development National Activities. We must ensure that all teachers are prepared to help all students master demanding subject matter in the core academic disciplines. We are committed to the continuation of multiyear projects begun in prior years—including the National Clearinghouse for Mathematics and Science Education Material. In addition, \$2 million would support a competition for Christa McAuliffe Fellowships to provide teachers with opportunities for study, research, or academic improvement. A similar program was previously funded in the School Improvement account under a separate authority. Finally, in 1996, we would support the development of teacher networks to aid in sharing teaching strategies, as well as support the Professional Development Demonstration Program designed to reveal effective ways to assist teachers as they help students meet high State standards, particularly in disadvantaged school districts.

TECHNOLOGY

In the interest of supporting additional National Challenge Grants to expand learning opportunities through the creation of technology-rich, high-performance learning environments for the 21st century, we request an increase of \$43 million for the Technology for Education program.

Unless we tap the potential inherent in innovative applications of technology, we will fall short of the goal of making lifelong learning broadly accessible to all Americans. This substantially expanded funding will be necessary to facilitate public and private partnerships in the rapid development and deployment of educational technology. Our two Technology Learning Challenge programs would provide support for consortia that contribute substantial investments of their own capital, both human and financial. The Adult Technology Learning Challenge—a program that focuses on the continuing education and skill-development needs

of adults--is a collaboration with the Department of Labor, which will contribute \$15 million from JTPA funds.

We are requesting level funding of \$30 million for the Star Schools program to continue support for demonstrations of the powerful potential of technology to create new opportunities to improve teaching and learning. We are also requesting level funding of \$7 million for Ready to Learn Television and \$2.3 million for the Telecommunications Demonstration Project for Mathematics.

IMPROVEMENT PROGRAMS

The 1996 budget includes \$36.8 million for the Fund for the Improvement of Education, which is level with the 1995 appropriation. This newly authorized program is designed to ensure that projects contribute directly to discovering what works--and what doesn't work--in education. We are also requesting level funding of \$9.5 million for Javits Gifted and Talented Education. The knowledge gained through this program can and should be used as a basis for rich and challenging curricula for all students. The 1996 request also includes level funding for the National Diffusion Network, an important part of our national dissemination system. The Network identifies and provides information about effective and promising educational practices and provides technical assistance to help in the implementation of those practices. The ten Eisenhower Regional Math and Science Education Consortia, to be awarded in 1995 for \$15 million, would be continued at level funding as would the \$4.5 million Civics Education program and the \$3.0 million International Education Exchange program.

LIBRARY PROGRAMS

While we propose reducing the overall budget for Library Programs by 17 percent, we are requesting an increase of \$5.9 million, or 7 percent, in the State formula grants for improving public library services. In addition, we seek to maintain level funding for Public Library Construction, which provides State formula grants for construction and remodeling, as well as for enhancing technology, to better enable States to expand their networking capabilities and participate in the development of the national information infrastructure.

FY 1995 RESCISSION PROPOSALS

We are proposing rescission of the 1995 appropriations for three OERI programs: the 21st Century Community Learning Centers program in the Education Research, Statistics, and Improvement account with a \$750 thousand appropriation, and two Libraries account programs: Library Literacy for \$8.0 million, and Library Education and Training for \$4.9 million. Our intent is to focus funding where it has the greatest potential to improve education and to eliminate funding overlaps.

CONCLUSION

This brief overview of OERI's priorities is meant to give substance to a view we regard as incontrovertible: education research and development is no luxury. It is a necessity. We cannot return to the days when educational reform was driven by guesswork. We must consolidate our gains and move forward. Time is short. The public is impatient.

The opportunity to advance these ideals and tackle these challenges is a privilege of the highest order. I look forward to working with you and with the members of this Committee to ensure that OERI becomes what it is capable of becoming: a national treasure house in the service of a learning society, a productive economy, and a vibrant democracy.

I will be happy to respond to any questions you may have.

DEPARTMENT OF EDUCATION

Office of Educational Research and Improvement

Biographical Sketch

NAME	: Sharon P. Robinson
POSITION	: Assistant Secretary for Educational Research and Improvement
BIRTHPLACE	: Louisville, Kentucky
EDUCATION	: University of Kentucky, B.A. University of Kentucky, M.A. University of Kentucky, Ed.D.
EXPERIENCE	
1993-present	: Assistant Secretary for Educational Research and Improvement
1990-1992	: Director, National Center for Innovation National Education Association
1980-1989	: Director, Instruction and Professional Development, National Education Association
1979-1980	: Human Relations Specialist, Teacher Rights National Education Association
1976-1979	: Associate Director, Jefferson County Education Consortium/ Editor, Project Student Concerns
1976	: Graduate Intern for Evaluation, ESAA Special Projects, Jefferson County Public Schools, Kentucky
1975	: Graduate Assistant, Kentucky Desegregation Training Institute, University of Kentucky
1970-1975	: Classroom Teacher, Fayette County Public Schools, Kentucky
1968-1970	: Classroom Teacher, Bitburg Air Force Base, Germany
1966-1967	: Classroom Teacher, Fayette County Public Schools, Kentucky
HONORS AND AWARDS	: School House Award, Jefferson County Teachers Association (1994) Jeffersonian Award for Citizenship, Jefferson County, Kentucky (1994) Alumni Hall of Fame, College of Education, University of Kentucky (1992) Service Recognition Award, Kentucky Education Reform African and At-risk Children's Caucus (1991) Visiting Fellow Testing Service, Princeton, New Jersey (1989)

Dr. ROBINSON. I would now like to ask Mr. Elliott to give us some examples of services that would be supported with the NCES request.

Mr. ELLIOTT. Thank you, Sharon. Good morning, Mr. Chairman. Mr. PORTER. Mr. Elliott.

USES OF STATISTICAL DATA

Mr. ELLIOTT. As Dr. Robinson has already suggested, the total request of the President for Assessment and Statistics in 1996 is \$95 million, an increase of \$14 million, which may sound like a large amount, but let me see if I can put that into perspective.

We hear a great deal these days about reinvention; things should work better; organizations should be flatter; we should cut back; we should delegate down; and we should serve our customers. And whether it is cars in Detroit or whether it is the Navy department at China Lake, the thing that is common to all of those experiences about reinvention is the critical need for information, or data—data about what customers want, data about what resources are used, about whether the resources are in the right place at the right time, and data about whether customer needs are being met.

The National Center for Education Statistics plays that role in education for the Nation, much as the Bureau of Labor Statistics plays it for employment information and price index information and the Bureau of the Census plays it for demographic and economic information.

Let me provide a few examples of the ways people use data from the National Center for Education Statistics.

The Department of Defense uses our data to make estimates of the size and the qualifications of its future pool for recruits in planning projections. The Congress has asked for information about the condition and progress of education in general and frequently asks for specific things like a common way to measure dropouts or information on teacher supply and demand.

The Department of Education uses our data for allocation of Title I grants to States. The State of Michigan uses census data that has been arranged through the National Center for Education Statistics by school district as a way to make plans for the future of education in the State of Michigan.

Colleges and universities want data to compare themselves with other specific institutions on enrollments, on faculty salaries, revenues, and other measures.

States want to compare the performance of students in their State with students in another State. The Rand Corporation uses the data to study changing family characteristics in relation to student achievement over two decades and has recently put out a report on that subject.

Both Congress and individual States have asked for information that allows us to compare education systems and student performance in other nations with the United States or individual States in the United States.

The Department of Education, the Office of Management and Budget, and the Congressional Budget Office want information to analyze student financial aid policies. The National Education Goals Panel wants to know about early childhood readiness for

school, and scholars who work on court challenges of school district revenues and spending want comparable finance data for school districts across States.

Just, finally, to put this priority perspective into context, the overall budget for the statistical portion of the Statistics and Assessment activities, that I am just now describing, is 87 cents per student in the United States, and that compares with \$5,800 per pupil expenditure in the U.S. as a whole at the elementary and secondary level. And the increase the President is proposing is just 14 cents per student. For the National Assessment of Educational Progress (NAEP), our request is a total of 75 cents per student in elementary and secondary education.

Thank you.

Dr. ROBINSON. Thank you.

A CULTURE OF SERVICE

Mr. Chairman, I said that presenting this budget request is a privilege. I chose that word very carefully. I chose that word because I want to suggest to this committee that we are building a culture of service, and that is a privilege.

In addition to the examples given by Mr. Elliott, I would call the Chairman's attention to a poster that we have placed on the dais.

This poster was designed for parents of very young children. It translates knowledge about language development in young children into a format and in a product that makes this knowledge accessible to parents. This poster has been distributed through the Head Start system and through public health clinics. This is an example of how educational R&D is serving an expanded customer base.

I would like to offer an example of how our basic research is serving the field through the issue of teacher evaluation. One of our centers has been engaged in an exhaustive study of personnel evaluation and is now working with the State of Texas, the Texas Education Agency, and the Texas State Teachers Association to initiate a new personnel evaluation plan that gets at what really matters in support of improved student learning.

Together, they have come up with a research-based plan that moves into a more performance-oriented system that provides a better gauge of the practices and behavior of teachers and other educators that really do have an impact on improved student learning.

A further example comes from the effort that we have supported through the Star Schools program. This example involves a program that they developed as a part of the distance learning curriculum. It is called Workplace Basics. It is a class which is being offered via the Star Schools network and it helps participants develop and assess their abilities to deliver the skills that employers seek.

When a student in North Central Washington was hired into a position, it became apparent that he was better prepared for that position than some of the older, perhaps more experienced, workers. This year's grant competition will focus on helping students complete their high school graduation requirements and improve their literacy skills.

An example from the regional educational laboratory system involves a focus on the issue of reducing school violence. The Southeast Regional Vision for Education Lab has developed a program for reducing school violence as well as a publication which synthesizes research-based information on this topic. This publication is now being widely used across the Nation and in various States to design training programs for educators.

Finally, also at your desk you will find a compilation of some of the findings from a very recent report that OERI released. This report is on an employer survey initiated in collaboration with the Bureau of Census and the Department of Labor.

In this study we were attempting to identify what skills and attributes employers were really seeking in new recruits. Some of the findings are quite startling and suggest that perhaps we are sending a rather mixed message to young people regarding how they should prepare for the work force.

We find, for example, that applicant attitudes and communication skills are very important considerations, well over teacher recommendations and years of school completed. Further, this study called our attention to the fact that many employers are quite reluctant to hire very young workers, leaving us to wonder what we must do to fully engage American citizens between the age of 18 and 26 when it appears that the American work force is ready to receive them.

These examples and others we could cite suggest that our customer base is expanding. The demand for reliable information in the service of education practice, policy-making, and reform is getting more intense, and OERI is ready to be responsive.

Thank you, Mr. Chairman, for your attention. I look forward to interacting with you in your questions.

Mr. PORTER. Thank you, Dr. Robinson. I like your learning link. I have a 22-month-old granddaughter. I am checking out how she is doing.

OERI REFORM ASSISTANCE AND GOALS 2000

I want to talk with you a little bit about your authorities, and let me ask, the administration proposes a \$46.5 million increase under Goals 2000 National programs, 5 percent of which can be used for research, development, evaluation, and technical assistance. Under your office, there is to be established an Office of Reform Assistance to identify and disseminate model reform programs and to provide technical assistance and training in support of school reform.

How are these two authorities different and is there anything that you are doing in one authority that is prohibited by statute from being done in the other?

Dr. ROBINSON. In the authority creating the Office of Reform Assistance and Dissemination, we are specifically administering the regional laboratories, the National Diffusion Network, and several other specific programs that are mentioned in the statute. In addition, we are working with a team across the Department to organize the State support plan that will be faithful to the aspirations and requirements of Goals 2000.

For example, we are working with this team to coordinate a set of activities that will bring regional groups together in the field to assist them in designing their Goals 2000 plans.

Additional activities under the national leadership effort in Goals 2000 have to do with supporting the development of technical assistance capacity across the Nation and bringing it much closer to the end user through community-based organizations and other rather nontraditional providers. We want to make sure that we are bringing all parties to the table.

OERI is an active participant in these discussions. We are trying to make sure that the appropriate contribution of our programs is made toward this effort. But we also intend to keep a bit of an arm's distance, for this reason: Goals 2000 represents a specific policy initiative offered by the administration. As such, OERI should maintain enough distance to be able to take an objective view of these activities and be in a position to evaluate their impact with a great deal of objectivity and integrity.

So while we want to be involved, we want to make sure there is a lot of coordination, we also want to keep enough of a distance from specific policy initiatives so that any research or evaluation of those activities will not be compromised.

SCHOOL SAFETY PROGRAMS

Mr. PORTER. Also, in the justification you discuss the Safe Start Violence Prevention program, which is developing a comprehensive school-based violence prevention program in urban elementary schools. That is a quote.

How does this differ from authorities under the Safe and Drug-Free Schools; and is there anything that you are doing in one authority that is prohibited by statute from being done in the other?

Dr. ROBINSON. Well, I would have to say that one distinction would be the rigor of the evaluation component that would be required under activities that we initiate.

The purpose of these activities is to develop discerning findings regarding what works and what does not work. The standards for supporting those conclusions are really quite high and determined by rigorous research methods that have to be in place to support the initiation of these activities under OERI authority.

This is not to say that activities in other parts of the department are lacking in rigor. I am simply saying that a demonstration under a R&D authority must really produce data that is accessible for primary analysis, secondary analysis, and must stand up in rigorous peer review within the field. If we should fall short of reaching that mark, then I think the integrity of the agency would really be at jeopardy.

MENTORING

Mr. PORTER. Last year, you and I discussed the relationship between one-on-one mentoring relationships and academic achievement. And you indicated that you were looking for demonstration projects on mentoring and how mentoring improves academic performance. During public witnesses this year, we heard from a witness who outlined the tremendous growth in school-based or school-

coordinated mentoring programs and the promising results of those programs.

Did you fund any demonstration projects on mentoring in 1994? If not, are funds included in your fiscal year 1996 budget request to fund these type of projects?

Dr. ROBINSON. There are various demonstration projects now included in research—in a body of work—that we funded through our new Center for Research on the Education of Students Placed at Risk. This center is being implemented by Howard University and Johns Hopkins University, in partnership.

Mentoring, as well as other interventions, are part of that portfolio of work. I am not aware of any more specific isolated demonstration projects on mentoring *per se*. Mentoring is an absolutely essential component of various interventions that have been attempted at Hopkins and are now being tested on a broader scale, using a larger sample and more rigorous assessment techniques under this new center funded at Howard and Hopkins.

Mr. PORTER. It is interesting. After you were here last year, I found that one of my staffers in my congressional office, personal office, was involved in a mentoring program and was going to a D.C. library and helping a student and I didn't know that at the time we talked.

Dr. ROBINSON. It is a great thing to do.

Mr. PORTER. Yes, that is what I thought.

PERFORMANCE STANDARDS

I know this administration is particularly interested in educational outcomes and performance measures. Can you discuss how your office is responding to this emphasis and can you give some examples of the kinds of measures you see as appropriate?

Dr. ROBINSON. Well, we will begin with ourselves.

My office is involved in trying to articulate very rigorous performance standards for the work we do. As such, we will be consulting with Bell Labs and the Defense Advanced Research Projects Agency, to understand how an R&D agency can articulate results that can be an inspiration and a guide for all of the staff in the organization.

I hope to see the moment when every employee in OERI, at every desk, understands how what they do contributes to the overall mission of the organization and can measure their improved performance toward that mission on a frequent basis.

We are also working to implement performance measures for all our programs. The lab and center programs, the two big procurements in OERI, have been a part of a pilot test in the Department to define performance measures that go well beyond counting publications or workshops; going to the point of what difference did this program make? How did students learn better? How did teachers change their behavior as a result? How did policymakers change their view? How did this program influence, inform, or support the decisions that have to be made at a whole range of points along the spectrum to support quality educational services?

The outcome of that pilot project has, in fact, informed the new call for work that we will be putting forth this year for the regional lab system and in subsequent months for the new procurement re-

garding the national research and development centers. So we started with the programs that would give us the biggest bang for the buck and turned the question around: What difference will be made as a result of having expended these funds?

I hope we can come back in the not too distant future and talk about our progress in that regard. We are at the very beginning of an exciting but somewhat frightening venture because it is a different standard of accountability, and yet I think it is absolutely the right course.

ASSESSMENT AND ACCOUNTABILITY

Mr. PORTER. Well, that is music to a Republican's ears, I have to say. But you are also looking for measuring how educational outcomes and performance measures for students?

Dr. ROBINSON. Yes.

Mr. PORTER. Are you doing anything there that is different than you have done before as a result of the administration's initiative?

Dr. ROBINSON. We expect to focus a great deal of effort on the issues of assessment and accountability in the new work plan for our Research account. We are in the last phases of funding a research center that has been very, very productive in assisting school districts all over the country to bring performance measures and performance assessment to the instructional process. Our focus is on assessment that is integral to the instructional process and not a high profile after-the-fact event that is often very threatening.

There are some important principles that we have discovered. One of those is that assessment should almost be an advocacy oriented process, in that you want students—the learners—to be very aware of their growth and progress. That awareness produces courage and a willingness to take the next risk. And learning is risk taking. It is trying to do something you have not done before.

Mr. PORTER. All of life is risk taking.

Dr. ROBINSON. Absolutely. So the better they get at it, the more competent they will be as citizens.

Another aspect of assessment is that the most important consumer of assessment information is the student. We were visiting a school in Ohio, as a matter of fact, where the students themselves have full access to their portfolios which are maintained on computers that can be accessed in the central office, in any classroom, by the teachers and by the students. Students are expected to replace work and place work in their portfolio, which represents their best effort to date and comment on why they are providing this example of their work.

This is just one site where the portfolio assessment process is being attempted by teachers as a way to engage students in reflecting on their performance. Out of this engagement comes a commitment to try that might not be inspired by just a one-way kind of sterile communication back from the teacher that says—here's your grade, now try harder. The students themselves get to reflect on their performance and set some standards for how they want to improve.

These are principles that are growing out of the work in assessment. Now, I think what we are finding, as well, with the work of

the National Assessment of Educational Progress, that we are actually providing model tools for bringing performance-oriented assessment to large-scale assessment programs. This will be very helpful to the States as they move from their curriculum standards to assessment programs that are aligned to those standards and that are also more performance oriented.

In this way, I think we can illustrate how this investment at the national level, which depends on a great deal of development work, assists the States in a way that is really quite valuable. Very few States could afford this level of investment in development for their own State-based assessments.

Mr. PORTER. I think where you are is going to be the difference between what we have done before and what we are going to do in the future. We are going to monitor, look at outcomes, look at performance, not only for government and students but teachers as well, and try to continuously look to see what we can do better. I think we have neglected that hugely in the past, to our detriment and to the students' detriment. So you are doing the right portion of the work and it is really the most important portion of the work.

Dr. ROBINSON. Certainly very exciting.

Mr. PORTER. And also very exciting.

This morning Ms. Pelosi and I are going to double team you, it looks like, so, Ms. Pelosi, I yield to you.

Ms. PELOSI. Thank you very much, Mr. Chairman.

Welcome. Thank you for your testimony. I am so pleased that what you were saying was music to a Republican's ears, as our Chairman said, because at that point you were singing a song President Clinton has been singing for many years about accountability and excellence in education.

Mr. PORTER. Somehow she says it with more credibility. I don't know.

Ms. PELOSI. The messenger is important. But I still think that this is one issue on which our President has standing. He has worked for many years as a Governor and has a perspective that he can even teach many Democrats about education.

IMPACT OF RESCISSIONS

I just had a few questions about the impact of some of the rescissions for the 1995 budget in light of some of the comments that you made in your testimony, Secretary Robinson.

For example, on Tech-Ed the rescission of \$30 million. I am so interested in what you had to say about the Technology for Education program and the increase that you are, the \$43 million that you are requesting. Could you comment on what the impact would be of the \$30 million rescission in 1995?

Dr. ROBINSON. I would include Education Technology along with the National Diffusion Network and the Star Schools and Javits programs as a part of our National Dissemination System. But, more specifically, the programs and grants that were planned for this education technology money were designed to bring the benefits of technology to communities that serve poor citizens. These grants are designed to say to local communities: Coalesce, pool your resources, create a vision of how this community can be supported and revitalized with the support of technology and information

services. Our hope is that these citizens, though they might not be the gleam in any commercial vendor's eyes, become informed consumers of technology services. Those services can benefit all of their lives, but specifically the elementary and secondary instruction of the children who live there.

We would envision collaborations involving public libraries, the schools, and local cable and other technology vendors to bring these services directly into those communities that might be the last targets of any commercial venture. It is a way of inspiring these communities with a vision of the future that would perhaps be lost to them if this initiative were not undertaken.

Ms. PELOSI. And, therefore, the impact of the rescissions in the 1995 budget, could you give us some—even though I had hoped to ask you this question before yesterday, since the bill passed out of committee, but we have not gone to the Floor yet, and I was interested in what the impact might be on the reductions in Star Schools. As you mentioned, this program is part of your national dissemination system as well as the Tech-Ed.

Dr. ROBINSON. Right. It is also important to note that the Star Schools effort is to bring distance learning, programming, and capacity to certain kinds of communities—remote rural communities and urban communities. And the result of this program has been a richer curriculum for the students.

We have been able to provide services that would not be affordable, say, in an urban school district in math and science because there might not be enough students calling for that program. But through distance learning, through sharing the resources and using technology for this purpose, we are able to give more students access to a richer curriculum.

So the rescission would eliminate all funding for the Star Schools program. The rescission in the ED technology line would eliminate the capacity to offer the Challenge Grants.

Ms. PELOSI. So obviously all the wonderful things you are saying about this national dissemination have been hampered by these rescissions?

Dr. ROBINSON. Well, I could go further and say the rescission would also preclude the Department being able to provide continuation funding for eight ongoing distance learning partnerships as well.

Ms. PELOSI. What would that mean to the students in those areas?

Dr. ROBINSON. It would mean that the programming would be there but the capacity to deliver would be compromised. We would all be left hoping that other commercial ventures would pick up on these markets and support those networks and deliver these programs.

Ms. PELOSI. On the—Mr. Chairman, I am counting on you to let me know when my time is up so I am not just barging into the next time frame. You just let me know.

Mr. PORTER. I think you have plenty of time.

Ms. PELOSI. Thank you, Mr. Chairman.

LIBRARIES

Madam Secretary, I used to serve on a library commission in San Francisco years ago, and I always take a special interest in what is happening with libraries. So, I was concerned not only with the rescissions but also with the administration's cut in libraries.

Could you tell me why you have your own rescission and what the impact would be on the even further, greater rescissions that were made by the committee?

Dr. ROBINSON. The administration's rescissions were proposed because we felt that some of the objectives of those two authorities could be met through funding of Title I and Title II.

What we are trying to promote is support for public libraries as they enrich and redefine their program of service so that they are a part of the education reform process and have the capacity as well to bring more technology into the public libraries.

We have a wonderful example in the State of Maryland. The State, through its public library system, is able to provide every citizen access to the Internet. This is now a vision, if you will, that we would like to see other State library systems embrace. And through Title II, Library Construction Grants, we could continue to encourage that trend because renovations would be permitted as well as the acquisition of equipment.

So in one title we are encouraging service expansion, program expansion, and in another title we are providing resources for the infrastructure, the equipment and the buildings. And we feel that with those two authorities we are able to address a priority need in the area of library services, though we are not able to address all of the needs in the area of library services.

Ms. PELOSI. My understanding is that the 1995-1996 budget from the administration—fiscal year 1995 and 1996—the administration kept the same number as 1995. But in our rescission—and that was \$17,792,000.

Dr. ROBINSON. Exactly.

Ms. PELOSI. The rescission subtracted \$15,300,000. I do not know whether there was some change to it. But will that have a serious impact on the answer you just gave me?

LIBRARIES AND TECHNOLOGY RESCISSIONS

Dr. ROBINSON. Certainly. There would be very little money to support the renovations needed for the acquisition of technology. There would be a minimal effort there. I am not sure what we could do with \$2 million. We would have to think about that very seriously.

Mr. PORTER. The \$2 million is already spent.

Dr. ROBINSON. Oh, is that what it is?

Ms. PELOSI. So they have zeroed out anything that is left?

Mr. PORTER. Yes.

Dr. ROBINSON. There would not be an effort—

Ms. PELOSI. So when you make rescissions on the strength of what we will take from this program and perhaps add to another because you are changing the focus or the delivery of service, and then a rescission is made in the other program, then it seems like we do not have any place to turn for resources.

We have an enormous private effort in our community in San Francisco, at the San Francisco main library. Mr. Chairman, I hope you can visit sometime. It is remarkable and it is under construction now, but it is all geared to the future. And I wish every community could have that kind of local private and public participation for such a library.

Our libraries make a tremendous difference in our lives and in our community. I just think for any amount of money the kind of small investment yields a large return. And we need to understand that we are addressing the needs of most of the people in our population, but particularly those who might not otherwise have access to the technology or the information as software and hard copy that these populations get from the library. It seems to me it is pound-foolish to—that would be English pound-foolish—to take away these resources.

I am particularly concerned in light of your comments that your rescissions were predicated on the fact you were going to put more into the construction end and now the construction end is zeroed out. So I think the libraries did very poorly all around in this budget.

I guess, Mr. Chairman, that is part of my problem with rescissions in general. If we are facing a new budget where we are, say, making cuts, and everybody understands what the final product is—we have this finite amount of money that we are going to spend and you take from here or there and then you make decisions on that basis. But when one budget is predicated on moving money—making cuts to be more efficient and then those efficiencies are cut out, I think that we might want to in the future take another look at the wisdom of making rescissions, especially when the net result is that we are zeroing out.

Mr. PORTER. Ms. Pelosi, now that Mr. Wicker is here, why don't I ask a couple of questions and then we will yield to Mr. Wicker and then come back to you.

Ms. PELOSI. The Chairman has been most kind. Thank you, Mr. Chairman. Appreciate that.

Mr. PORTER. On the question of rescissions, I might point out that for OERI, the rescissions in the accounts there still left an increase over fiscal 1994; and for libraries, the rescissions there, most of which were suggested by the President himself, still left an increase over their request for 1996.

LIBRARY CONSTRUCTION

Now, if we can talk for a moment about construction, in the fiscal year 1995 budget, the President requested no funding for library construction in his 1995 budget. And in your budget justification for last year you indicated, Dr. Robinson, since 1965 the Public Library Construction program has helped States extend access to the services of public libraries to nearly all citizens, making continued Federal support unnecessary.

Now, your justification went on to indicate that States can use Title I and Title III of LSCA for the purchase of technological equipment to the extent that it serves the purpose of these programs and you said eliminating this program is consistent with the report of the National Performance Review which recommended the

elimination of any program that, like Public Library Construction, has achieved its purposes or is duplicative of other Federal programs.

Now, I'll tell you why the President is not credible. Because he comes back, after saying that in his 1995 budget, and he asks for funds this year. Why in the face of this seemingly firm policy has the administration now reversed course, which they have done time and time again, destroying the President's credibility? Yours is still good, but his is not.

Dr. ROBINSON. Well, I would just like to point out that one of the realities, one understanding that I guess comes with time to know the programs and understand the limits of certain authorities, is that we encourage intralibrary cooperation and coordinated acquisitions and collections and so forth, and we are doing that as a matter of programmatic focus under Title I. But to provide States and local communities the resources necessary to get a building wired for technology, and that sort of thing, it became apparent, was a greater priority. And so the construction program is back in this request.

Mr. PORTER. Well, if I can comment on that, Dr. Robinson. We have a \$200 billion deficit here. We have been constructing libraries for 30 years and in most of that time have been borrowing the money from future generations to do it.

Now, I could argue, and you will argue probably, if we have to do it somewhere, library construction is probably a good place to do it rather than in operating expenses or something like that. But I worry a great deal, and I do not agree, in many instances, with those in my own party that say we should raise the revenues at the Federal level, give them to the local level and let them spend them there. Library construction ought to be in its nature a local concern. If people in a community are not willing to pay higher taxes in order to build their own library, then something is really kind of wrong.

If we borrow the money here and saddle future generations with trillions of dollars' worth of debt that they will have to deal with in the future to do something that ought to be done at the local level, I think the President's justification and your statement in your justification in 1995 was correct. I think we should stop providing funds for library construction. It has been done for a long, long time. We have built most of the libraries that we need now. And the local governments ought to undertake this responsibility, as they should have exercised it, it seems to me, all this time.

San Francisco can well afford to build their own library. They do not need Federal funds.

Ms. PELOSI. I wish you would come see. We are building this remarkable one and we are just at the completion of our new Museum of Modern Art.

Mr. PORTER. And you would do it whether or not the Federal government had the library construction program because you know it is worthwhile to your community.

Ms. PELOSI. But, Mr. Chairman, if I may. I do think, especially in this era of technological breakthroughs, that some of the Federal resources that take and help communities go past that threshold, it is not just bricks and mortar and books on shelves any more, it

is information and the technology that is ever changing. And I do think that there is some Federal assistance for some communities that can make the difference and they are doing it on the basis of not technology that will be obsolete by the time the structure is up, but on the basis of technology that will take them into the future.

Mr. PORTER. I would agree with that if we did not have a \$200 billion deficit every year and a huge debt. If we were paying for it as we go along, wonderful. But not where we have ongoing debt problems, and it seems to me that somehow we have to get those under control, then we can decide if we can do these things or not.

Ms. PELOSI. It behooves us, if the gentleman would continue to yield, it behooves us to demonstrate how such an investment would help reduce the deficit. And that I think is a test that we should be put to and the scrutiny that any funds that we spend should be subjected to.

You are still invited to come to San Francisco to see our library. I would love it.

Mr. PORTER. Thank you, Nancy. Mr. Wicker.

Mr. WICKER. Mr. Chairman, I am finding the exchange instructive, but I do not have questions at this time.

Mr. PORTER. Ms. Pelosi.

Ms. PELOSI. No, Mr. Chairman, I just want to thank the Secretary for her fine work and all of our witnesses for their ongoing contributions. It is nice to see them again, and I look forward to continuing our work with them. I think what you do is very important. I am fascinated by your testimony. It gives me hope, frankly.

EISENHOWER GRANTS

Well, I do have one question, Mr. Chairman, about the Eisenhower grants, the famous Eisenhower grants, and I don't even know if we are talking about the same money that you reference in here, but the other night there was some confusion on my part, I am not characterizing anybody else's understanding, on what the Eisenhower Professional Development National Activities did.

It was our understanding in their origin that they would help prepare teachers with their preparation for math and science, but that it may have changed. Its mission may have changed since then. Could you tell me, A, what it is; and, B, what the impact the rescission will be on that?

Dr. ROBINSON. The rescission affects the Eisenhower Professional Development State Grant funds. The \$60 million reduction would severely limit these State grants, and it would eliminate the capacity of the Eisenhower program to expand beyond math and science and embrace other subjects in the curriculum. So the impact is really pretty severe.

Now, what we are finding is that as States try to implement their reform strategies, I will use Kentucky as an example because I know Kentucky really well, is that if you do not bring to teachers the opportunity to learn these new instructional strategies and the capacity to help parents understand the new instructional strategies that really do promote improved student performance, you are really compromising the progress you will make in improving student performance.

These grants have been a real important element in helping States bring to teachers a lot of learning opportunities in math and science instruction. I think that it is interesting that we started with math and science because we recognized the need early on. These needs were heralded very clearly in the 1993 Nation at Risk report. That report called our attention to the fact that these gatekeeper subjects, these subjects that we used to believe would separate the leaders from the followers, were simply just not accessible to a lot of students because the teachers did not feel confident in their grasp of the subject or in their ability to teach them.

But once you break that barrier and help teachers understand their capacity to know math and science and their capacity to teach them, these subjects become immediately accessible to students. And we are seeing improved student performance on NAEP in math and science, I believe, because more students have access to challenging instruction in math and science.

What we have seen is that if you teach it, they will learn it. And we can credit these Eisenhower State grants with having supported that opportunity for improved teacher learning, which has now translated directly into improved student performance in the areas of math and science. This is a trend that we would hope to see in other subjects as we make learning opportunities more available for teachers.

FISCAL YEAR 1995 RESCISSIONS

Ms. PELOSI. Well, I thank you for that answer. That certainly is a help in where we go from here for the fiscal year 1996 budget. I wish we had that information for the fiscal year 1995 rescissions.

Thank you very much, Madam Secretary. Thank you, Mr. Chairman.

Mr. PORTER. Thank you, Ms. Pelosi.

Dr. Robinson, I tell you what we will do on the rescissions, if you are willing, and you can, if you wish, ignore those suggested by the President and deal only with the others.

Would you provide for the record whether you believe you do not have the statutory authority to do the same sort of things that were done in the programs that were rescinded elsewhere—and I am talking about OERI right now—elsewhere in the budget; recognizing that in respect to Star Schools we transferred \$20 million to the Fund for the Improvement of Education and rescinded the other \$10 million.

Why don't you provide for the record whether you think you are prohibited from doing the things that were being done in the individual programs like the National Diffusion Network and others statutorily.

Dr. ROBINSON. I do not believe there is any statutory prohibition regarding these activities. However, I would point out that we cannot compensate for rescissions totaling \$180 million with the additional \$20 million in the FIE account.

Mr. PORTER. We have rescissions totaling \$55.2 million in OERI.

Dr. ROBINSON. Oh, I meant Department-wide, I am sorry.

Mr. PORTER. Department-wide.

Dr. ROBINSON. Yes. Well, it is not authority that is the question. It is the level of effort that would be the question. And I would

have to say I am not at all sure about the Challenge Grant authority. I am simply unsure about the authorities.

Mr. PORTER. That is why we wanted you to answer for the record.

Dr. ROBINSON. Yes, we will.

[The information follows:]

OERI STATUTORY AUTHORITY AND PROGRAM RESCISSIONS

OERI, under its general research, statistics, and assessment authorities and the Fund for the Improvement of Education, does have the authority to conduct some of the activities authorized by the individual programs for which rescissions have been proposed, but there are many limitations as described below. Therefore, there are substantial difficulties in relying on OERI authorities to fund many of the program activities.

The 1995 Appropriations Act targets most OERI dollars to specific activities. For instance, \$36.7 million is earmarked for the Fund for the Improvement of Education (FIE). Many of the activities of the programs listed below could only be conducted by OERI through the FIE. These program activities include the following: the provision of direct services and acquisition of equipment and instructional materials under the Safe and Drug Free Schools and Communities - National Program; the implementation activities and awards to local education agencies to support local improvement plan activities of Goals 2000 - State and Local Grants; and the training and technical assistance activities of the School-To-Work - National Programs. Thus, without a significant increase in the FIE appropriation, the activities of the individual programs cannot be conducted through OERI.

Similarly, OERI's regional laboratories are only earmarked \$41 million in funding but are the only available means for OERI to conduct many of the activities of the programs listed below. These program activities include the following: the development, demonstration, and evaluation activities of the Safe and Drug Free Schools and Communities - National Program; the research, evaluations, and assessments authorized in Part A of the Vocational and Adult Education - National Programs; the provision of training and technical assistance to instructors for the Vocational and Adult Education - State Literacy Resource Centers; the provision of technical assistance for Goals 2000 - State and Local Grants; and the provision of training and technical assistance for School-To-Work - National Programs. Without a significant increase in the regional laboratories' appropriation, the activities of the individual programs cannot be conducted through OERI.

These are the difficulties that exist for 1995, even where OERI has sufficient authority to carry out the activities for which rescissions are proposed. Similar problems would exist for 1996 without significant increases in funding for the Fund for the Improvement of Education and OERI's National Research Institutes and National Education Dissemination System.

■ Safe and Drug Free Schools and Communities - National Programs

20 U.S.C. §7131 et seq.

OERI does not have the authority to conduct many of the activities of this program.

OERI cannot provide most of the "direct services to schools and school systems afflicted with especially severe drug and violence problems" authorized by the program statute. 20 U.S.C. 7131(a)(6). Similarly, OERI is not explicitly authorized to provide for the

"development and acquisition of equipment and instructional materials" for hate crime or conflict programs authorized by the program statute. 20 U.S.C. §7133(b)(1)(C).

OERI can conduct development, demonstration, and evaluation activities through the National Institutes or the Regional Laboratories particularly the National Institute on Student Achievement, Curriculum, and Assessment which authorizes focus on violence prevention. OERI can conduct dissemination activities and provide information through the National Dissemination System and the Educational Resources Information Center Clearinghouses. OERI can fund activities to connect schools to community-wide efforts through both the National Institutes and the National Dissemination System, particularly by use of Dissemination through New Technologies.

■ **Vocational and Adult Education - National Programs** 20 U.S.C. 2401 et seq.

OERI can conduct the research, evaluations, and assessments authorized in Part A of this program through the National Institutes, particularly the National Institute on Postsecondary Education, Libraries, and Lifelong Learning and/or the Regional Laboratories. OERI can conduct the applied research and development activities of the National Centers for Research in Vocational Education through the National Institute on Postsecondary Education, Libraries, and Lifelong Learning. OERI can conduct the dissemination and training activities of the National Centers for Research in Vocational Education through the National Dissemination System. OERI has the general authority to conduct the demonstration programs authorized under Part B of this program under the National Institute on Postsecondary Education, Libraries, and Lifelong Learning. Further, OERI is explicitly referenced in the program statute as a source through which this program may be conducted. 20 U.S.C. §2402(a).

Notably, although OERI has the authority to conduct the dissemination activities of the National Network for Curriculum Coordination in Vocational and Technical Education through the National Diffusion Network, substantial rescissions are also proposed in the National Diffusion Network Program.

■ **Vocational and Adult Education - National Institute for Literacy** 20 U.S.C. §1213(c)

OERI does not have the authority to conduct all of the activities of this program.

OERI can award fellowships to individuals conducting research in adult education or literacy through the OERI Fellows Program. However, OERI is only authorized to award fellowships for research purposes. The program fellowship is more broad and includes fellowships for education, training, technical assistance or other activities to advance the field.

OERI can assist Federal agencies in setting objectives to meet the programs' goals, and assist Federal, State and Local agencies in the development, implementation and evaluation of

policy with respect to literacy through the National Institute on Educational Governance, Finance, Policy-Making, and Management. OERI can conduct basic and applied research and demonstrations and provide training and technical assistance for literacy programs through the National Institute on Postsecondary Education, Libraries, and Lifelong Learning. OERI can collect and disseminate information through the National Dissemination System. OERI has the authority to enter into an interagency agreement with the Secretary of Labor and the Secretary of Health and Human Services through the general authorities of OERI.

■ **Vocational and Adult Education - State Literacy Resource Centers** 20 U.S.C. §1208aa

OERI can improve and promote diffusion and adoption of teaching methods and technologies through the National Dissemination System. OERI can coordinate literacy services, encourage innovation and experimentation in literacy activities and provide technical and policy assistance to improve policy through the National Institute on Postsecondary Education, Libraries, and Lifelong Learning. OERI can encourage government and industry partnerships through the National Institutes. OERI can encourage and facilitate training of professionals and provide training and technical assistance to instructors through the Regional Laboratories.

■ **Vocational and Adult Education - Workplace Literacy Partnerships** 20 U.S.C. §1211(a)

OERI has the authority to make demonstration grants to eligible partnerships for workplace literacy through the National Institute on Postsecondary Education, Libraries, and Lifelong Learning.

■ **Education Research, Statistics and Improvement - Javits Gifted and Talented Students Education Act of 1988** 20 U.S.C. §3061 et seq.

OERI has the authority to conduct the activities of this program.

■ **Education Research, Statistics and Improvement - Star Schools** 20 U.S.C. §6891 et seq.

OERI has the authority to conduct the activities of this program.

■ **Education Research, Statistics and Improvement - National Diffusion Network** 20 U.S.C. §8651

OERI has the authority to conduct the activities of this program.

■ **Education Research, Statistics and Improvement - Ready-To-Learn Television** 20 U.S.C. §6921 et seq.

OERI has the authority to conduct the activities of this program.

■ **Education Research, Statistics and Improvement - Technology for Education** 20 U.S.C. §6801 et seq.

Subpart 1 National Programs - OERI has the authority to conduct the activities of this program.

Subpart 2 State and Local Programs - OERI does not have the authority to conduct this formula grant program.

Subpart 3 Regional Technical Support and Professional Development - OERI has the authority to conduct the activities of this program.

Subpart 4 Product Development - OERI has the authority to conduct the activities of this program.

■ **Education for the Disadvantaged - Evaluation** 20 U.S.C. §2881 et seq.

OERI has the authority to conduct the assessment authorized in this program through the National Institutes and is, in fact, referenced as the source through which this program shall be conducted.

■ **Libraries - Research and Demonstrations** 20 U.S.C. §1033

OERI only has the authority to conduct the activities of this program through the National Institute on Postsecondary Education, Libraries and Lifelong Learning to the extent that the authorized research and development activities are not being addressed by other entities within the Federal Government.

■ **Goals 2000 - State and Local Grants** 20 U.S.C. 5881 et seq.

OERI does not have the authority to conduct most of the activities of this program.

The Goals 2000 program statute requires that any of the authorized research activities be conducted through OERI. 20 U.S.C. §5894(c).

The Goals 2000 program statute requires States to develop and implement State improvement plans. OERI does not have the authority to require States to adhere to the plan development requirements specified in 20 U.S.C. 5886(b). OERI does not have the authority to ensure that a portion of funds will be set aside to assist the outlying areas, Indian schools

and Alaskan Natives as required under 20 U.S.C. 5884(a). The Goals 2000 program statute requires that States be provided a hearing where a State implementation plan is disapproved or where an amendment to a State implementation plan is disapproved. 20 U.S.C. §§5886(n)(3) and (p)(2)(B). OERI does not have the authority to conduct such hearings.

OERI has the authority, through the National Institute on Student Achievement, to assist States in the development of the strategies in the plan. OERI does not have the authority to assist States with implementation activities.

OERI does not have the authority to implement the subgrant requirements established under Goals 2000 whereby the States make subgrants to LEAs to fund local improvement plans. OERI has the authority, through the National Institutes, to award funds to a LEA for the preservice and professional development activities specified in 20 U.S.C. 5889(b).

OERI does not have the authority to provide the waivers of statutory and regulatory requirements authorized under 20 U.S.C. 5891.

OERI has the authority to support, through the regional labs, technical assistance activities relating to school finance equity (20 U.S.C. 5893). OERI has the authority to carry out national leadership activities (20 U.S.C. 5894). However some of the authorized activities could only be supported by OERI through grants and contracts, rather than directly as is allowed under the Goals 2000 statute.

■ School-To-Work - National Programs

OERI does not have the authority to conduct most of the activities of this program.

OERI has the authority, through NCES, to conduct the performance outcomes and evaluation activities (20 U.S.C. 6192). OERI has the authority, through the regional labs and FIE program, to carry out training and technical assistance activities to support school-to-work efforts similar to those specified in 20 U.S.C. 6193. Although OERI can support school to work related activities, OERI is not authorized to focus technical assistance and training funds exclusively on partnerships implementing programs under the School-to-Work Opportunities Act. OERI can carry out the dissemination functions (20 U.S.C. 6194) through ERIC.

NATIONAL CENTER FOR EDUCATION STATISTICS ROLE

Mr. PORTER. Mr. Elliott, your justification indicates that your office carries out a broad range of surveys. Why can't these activities be carried out by, say, the Bureau of the Census? And then in dealing with areas of quality access and productivity of postsecondary education, is it necessary that the Federal Government be the primary defender of standards and the collector of data? Why could we not allow the various accrediting bodies to define these standards and collect the data?

Mr. ELLIOTT. Mr. Chairman, with regard to your first point, of course the Census Bureau could gather these data but I don't think that is the full answer. In virtually every area of Federal activity, whether it is health or education or labor or energy or environment, there is need for information about that subject for the people who have to deal with that subject in the Congress and in the executive branch and in the Nation.

If you do not have that kind of association, it is very hard to serve your customers. We work, in fact, with the Census Bureau to do some of our data collection for us, but they rely on us to figure out how to define the problem: What is it you need to have information about? What is it that will answer your questions? So there is an important subject matter tie, and that is the critical link for my answer.

While the Census Bureau, in some technical way, could be the data collector in education, I think they do not have the ability to understand the problems in the same way that the agencies are expected to have.

With regard to education, one of the major roles that a statistical agency plays is to work with the community to help them come to their own definitions of what data would be useful and how to define a term. So in elementary and secondary, if you want to define "dropouts" you work very much with States and localities to figure out what data are accessible in their data systems and what will tell policymakers what they need to know. The same thing happens in higher education.

The Congress has authorized a new postsecondary cooperative statistics program. We are just beginning to put that under way. But that will build on previous efforts where we have worked with institutions of higher education and State Higher Education Executive Officers to define terms.

In fact, every institution already gathers data and they gather fairly common data, but what happens when you have a Federal statistical agency is that they are able to convene these groups and they can agree on what additional things would be useful to have or what things do not tell anybody anything, so we do not need to have them, or what common definitions would be appropriate. And the reason they want to do that, quite frankly, is they want to compare themselves with each other, individual institutions.

The University of Illinois system, sir—I don't know whether that is specifically one, but it may well be—will want to compare itself as a system and the individual institutions in that system with the Ohio system or the California system. And they want the numbers to mean the same thing. So if it is revenues or tuition payments

or enrollments or whatever it is they want to look at, they want these numbers to mean the same thing nationwide. If you leave it to an accrediting association, the accrediting associations have particular interests, those interests tend to be regional and that is not the same thing as having an ability to exchange the data across the Nation as a whole.

Mr. PORTER. In many areas of making law, the ideas come from outside the realm of expertise, but in your area of making law, I would imagine that all the ideas come from people like yourself who deal with data and find places where additional authorities are needed and suggest the laws to the authorizing committees, in this case, and the laws are really in response to the needs of the community. Would you agree with that?

Mr. ELLIOTT. Yes, I would agree with that. As a matter of fact, just earlier this week I attended a meeting in Florida that grew out of our cooperative data work with States. This is a meeting of State people who are interested in management information systems that the States want for their own purposes. They suggested that to us, and because the Congress had given us a wide authorization for a cooperative program, we were able to convene this meeting to bring these people together.

But they shared information and in this meeting in particular information about migrant students was of acute interest. They want to know how they can do that electronically, because everybody is moving to electronic records. But, yes, that is the way the system is moving now.

DUPLICATION IN DATA REQUESTS

Mr. PORTER. How often and how recently have you looked at whether there is not a great deal of duplication and overlap and similar collections of similar data at different levels in different places? Is that something that is ongoing?

Mr. ELLIOTT. That is ongoing, and let me mention a couple of examples. One is complaints that we frequently get from States that the Federal Government has several different offices asking for the same thing. And, again, because we have the cooperative program that has been a very good platform to raise that issue.

NCES by itself is not in an appropriate position to be able to say that the Office of Special Education should not gather its enrollment data in December where we gather it for the Nation in October. There is not really a good way to iron that out. The States are insisting that that issue be raised.

The States have been concerned for some years about the gathering of financial data both by NCES and the Bureau of the Census, and we are now working with the Census so there will come to be a single collection.

But those are continuing efforts. People are very troubled about different requirements from different Federal offices and agencies because they have to respond. Sometimes it is for an application for Title I and sometimes it is because of a law on school lunch, but all of these things play out at the local level as additional requests. So the cooperative system is a way to continue those conversations and to eliminate the requests and, if necessary, ask Congress to

change the laws so that we do not have those overlapping requirements.

READY-TO-LEARN TELEVISION

Mr. PORTER. Dr. Robinson, under the Ready-to-Learn Television program, is there any money that goes to the Corporation for Public Broadcasting, or PBS, or NPR or related agencies?

Dr. ROBINSON. In fact, Mr. Chairman, we are working collaboratively with the Corporation for Public Broadcasting to use their system of program development to actually get the programming required by this authority. So, yes, we use their system of production, if you will, to get these programs under way and available to the consumers—ready to go on the air.

Mr. PORTER. Now, their system of production usually is done, not always, but is often done through member stations; is that what you use?

Dr. ROBINSON. Yes, exactly. It's often done through member stations and their capacity to leverage some local effort to produce accompanying materials, so that you actually get more of a contribution toward this programming when you use their system.

Mr. PORTER. Do you see any duplication in what you do and what they already do?

Dr. ROBINSON. Given the fact that they do not have the resources to focus on new programming for young children, I do not think this is duplicative. They were not doing this work already. We have this opportunity to coalesce their interest, their resources, and their capacity with this funding. We are working together to make sure that certain features that we care about a lot are incorporated into this activity. And we are using it as an opportunity to learn as well.

For example, we are really going to extend ourselves with regard to language minority communities. We are going to extend ourselves to ensure that we have diverse students represented in this programming. And I think the biggest challenge is setting some very high standards for working with parents, and other adults who are in the company of these children, to understand how the programming assists them in the care and nurture of these children. So we are going well beyond just getting the programming on the air because of the partnership and our interest in the work.

In our Early Childhood Institute, we are incorporating a feature that helps us understand the impact of the programming on the family and the community.

FUND FOR THE IMPROVEMENT OF EDUCATION

Mr. PORTER. The Fund for Improvement of Education is a very flexible authority?

Dr. ROBINSON. Yes.

Mr. PORTER. However, I understand there is a series of congressional earmarks that may inhibit the ability of the Department to utilize the funds most effectively. Can you discuss the advantages and disadvantage of the program and how you think it can be improved and what you think of these earmarks?

Dr. ROBINSON. Well, I think it is a very important authority. As we learn more about the emerging important questions to support

reform as a nationwide comprehensive effort, it will be more important that these funds not be encumbered with earmarks that might not survive in the crucible of priority setting in an overall research agenda.

So I look forward to this Fund being governed by the research plan to be designed in collaboration with our new National Educational Research Policy and Priorities Board. This is a bipartisan board that will take on the responsibility of helping to structure an ambitious and focused R&D agenda. If the Fund for the Improvement of Education is subject to those priorities, then I think the Fund will be better used. But if it remains subject and susceptible to a kind of serendipity, if you will, whether that comes out of the Congress or out of any other source that can influence the Fund, the Fund might not be as well used.

So I look forward to this Fund being subject to the priority and discipline of the research plan and to the rigor of the standards that we design in collaboration with the Board.

THE NATIONAL LIBRARY OF EDUCATION AND ERIC

Mr. PORTER. National Library of Education, according to your justification, is to become the principal center for the collection, preservation and effective utilization of research and other information related to education and the improvement of education achievement. Your office is also supporting the clearinghouses of education resource information centers.

Dr. ROBINSON. Yes.

Mr. PORTER. Isn't this automated information clearinghouse a function that should be funded under the National Library of Education?

Dr. ROBINSON. Well, I am not sure that it could be funded under the National Library of Education. In fact, the ERIC program is being administered in collaboration with those who are working on the National Library of Education as a key component of what we are now calling our virtual library. The ERIC system has, through the electronic access programs designed for it, really extended itself into the community—the education community and the community of parents and policymakers and others—and has actually become an award-winning service sponsored by the Federal Government.

These clearinghouses represent an important way of generating part of what might be regarded as an aspect of the library collection. We certainly treat ERIC as such, because that is the nature of the resource that it is. But ERIC, right now, is authorized as a part of the Office of Reform Assistance and Dissemination (ORAD), but it is being implemented in collaboration between ORAD and the National Library of Education, so that it serves both.

Mr. PORTER. Often I think that anyone looking at what Government does is dismayed by all the line items, one after the other, and they begin to say, wait a minute, what we probably need to do is to rethink these things and make the authorities much broader and more flexible and let the people who are administering the programs use the funds in ways that they think work best for the missions that are chosen.

Do you see that also?

Dr. ROBINSON. Well, I do——

Dr. PORTER. Are there too many programs, too many line items, too many overlapping authorities, too much that—

Dr. ROBINSON. Sometimes the specificity gets to be a bit confounding.

Mr. PORTER. Yes.

Dr. ROBINSON. And we wonder about taking the time of the Congress to come back with technical amendments.

FEDERAL EMPLOYEES

I am new to government, and I really have been impressed with the commitment and the interest and the focus that the Federal employees bring to their work. I am really impressed with their capacity to understand and find a way through what to me sometimes seems a morass to get the job done.

I think, as a part of this reinventing Government activity, we have an opportunity to see the path and go there. And as a part of the reorganization of OERI, we have really benefitted from the creativity and the commitment of the staff in that agency to recreate the administrative systems, as well as to realign the programs, in a way that makes sense to everybody, and re-organize activities so that they can relate to one another and be accessible to one another and not have bureaucratic barriers that seem to eliminate the prospect of one effort influencing and leveraging another.

This has been brought about more by the commitment of the staff and the spirit of the authority. It certainly is not the letter of the law that made that happen. It was the goodwill of the folks who signed on to do public service. And it has been an occasion for me to see what that means in really impressive terms.

Mr. PORTER. I kind of want to second that, because I think that Congress creates all of the programs and passes all the laws that lead to budgets that are this thick, and then we sit around and criticize people who administer the programs and say there are too many of them, they are too bureaucratic and the like.

And, basically, I have found, in my experience with Government, that we have very, very dedicated people, generally speaking, working for our Government. They are good at what they do. They understand very broadly how things work and should work, and we ought to listen more to what they tell us and be more responsive to it, because we will probably end up doing things a great deal better if we do.

I also find that leadership is tremendously important and I am going to end this hearing by saying, Dr. Robinson, I think you and Mr. Elliott and the people who work on OERI and the libraries are doing an excellent job.

Dr. ROBINSON. Thank you.

Mr. PORTER. I think you have a great responsibility, because the leadership that you can bring to bear in setting standards and tracking whether achievement is occurring or not and whether we are getting performance for our money is really the end line, the bottom line on everything that we do in the Department, everything that we do through the Federal Government at least on education, and also State and local, obviously.

So we appreciate your coming here today. Your testimony has been very candid. You obviously are very knowledgeable. You may

be new but you are knowledgeable about what is happening, and I think you are providing the kind of leadership that we need. So we thank you very, very much.

Dr. ROBINSON. Thank you very much.

Mr. PORTER. Thank you. The subcommittee will stand in recess until Tuesday at 10 o'clock.

[The following questions were submitted to be answered for the record:]

MEETINGS AND CONFERENCES

Mr. Porter. In several cases throughout the components of your office, you indicate that you are supporting meetings and conferences, as well as various advisory board meetings. Could you provide for the record the total Federal cost of these meetings, including participant travel and per diem?

Dr. Robinson. Our current estimates of the amount of our budget request that we will spend on meetings and conferences is \$3.7 million. This includes some funds for participant travel and per diem. About \$450,000 of the total is associated with meetings and conferences of the National Assessment Governing Board.

We can give only a rough estimate at this point because our congressionally mandated National Educational Policy and Priorities Board, which, by law, must participate in the development of OERI's research plan, has only recently been appointed and has not yet had its first meeting. Advice from this body could result in substantial changes in our current plans and estimates.

OERI RESEARCH AND FIE AUTHORITIES

Mr. Stokes. The Committee has rescinded funding for a number of programs that support discretionary grants for research, evaluation, and other related National activities. Doesn't it make more sense for the Department to carry out such activities under its broader OERI authority for research or perhaps under the Fund for the Improvement of Education program?

Dr. Robinson. It is true that the OERI and FIE authorities could be used to support activities similar to those currently carried out under a number of other Department programs. However, although we appreciate flexibility, we believe that in some cases, it is preferable to have funds provided through more particular program authorities. Some of the research, evaluation, and national activities have been designed to target specific programs or to complement the mission of specific offices. We believe that program offices other than OERI should administer those activities that are specifically related to the missions of their particular offices. This gives offices the capacity to develop a deeper understanding of their programs and to feed back into their operation of those programs specific information about problems and potentially promising strategies for addressing them. In the case of the evaluation of Federal programs, we believe those activities should continue to be administered by the Department's independent evaluation office to ensure objectivity and the fullest use of the resulting information in budget and legislative development.

TRACKING OF MINORITIES IN COURSES

Mr. Stokes. What research is underway or planned to address the problem of the over-representation of minorities in lower track courses and special education, and the under-representation of minorities in higher track courses? Please be specific and respond to each issue area individually.

Dr. Robinson. OERI has commissioned a review of the literature on the impact of ability grouping and tracking on academic achievement. While there have been many reviews of the literature on this topic, not all of them are in agreement about what the evidence shows. This report will be an objective review of previous work and will attempt to assess whether there is good scientific evidence to support the many assertions made by the proponents and opponents of ability grouping and tracking. A final draft of this report is being prepared now and ought to be ready for release by the end of summer, if not sooner.

Researchers from the OERI-sponsored Center for Research on Effective Schooling for Disadvantaged Students (CDS) at The Johns Hopkins University are studying a unique experiment related to this topic. They evaluated the first two years of implementation of the *Challenge for Science Literacy Program* in a Connecticut high school that serves a heterogeneous student population. The students in this school were randomly assigned to tracked control classes or heterogeneous *Challenge* classes. This experiment will overcome some of the methodological problems with other studies of tracking. A report based on the first year of implementation was recently issued by the Center. The researchers at Hopkins are continuing to evaluate this experiment under a new grant that established the Center for Research on the Education of Students Placed At Risk (CRESPAR), under the joint directorship of Hopkins and Howard universities.

In conjunction with its other studies of secondary school reform, CRESPAR is studying several school reorganization strategies that involve no tracking of students: Talent Development Middle Schools, Talent Development High Schools, and Equity 2000 (sponsored by the College Board and others). CRESPAR is also conducting very exhaustive analyses of National Center for Education Statistics longitudinal data bases (High School and Beyond, National Educational Longitudinal Study (NELS:88), and Prospects) to examine the factors most important with regard to providing students "opportunities to learn." Among those factors will be ability grouping and tracking arrangements. All of these studies will be conducted over a 5-year period with annual interim reports commencing at the end of 1995.

Mr. Stokes. How will the research results be utilized?

Dr. Robinson. It is impossible to know now. We hope that the results of this research will be used by education policymakers and practitioners at the State and local levels as they make decisions that affect our Nation's students.

OERI'S ROLE IN DEPARTMENT'S REFORM PROGRAMS

Mr. Stokes: What is the role of OERI in the implementation, monitoring, and evaluation of Goals 2000 and other Department of Education reform programs such as School-to-Work?

Dr. Robinson: OERI supports State and local education reform efforts through its Office of Reform Assistance and Dissemination with programs such as the National Diffusion Network, Star Schools and other technology initiatives, the Eisenhower Professional Development Federal Activities, and the Regional Educational Laboratories. OERI's National Institute on Student Achievement, Curriculum, and Assessment is responsible for coordinating the Department's research and development activities related to these topics and will conduct the competition for the Assessment Development Grants authorized under Goals 2000. As part of the Department-wide State Support Team, OERI coordinates regional meetings on education reform, and an electronic forum on the Internet for State planning panels, State education officials, and governors' education policy aides to facilitate greater sharing about State reform plans. In addition, OERI provides information on Department initiatives, publications, and statistics to States and local communities through INET, the Department's gopher on the Internet.

EFFECT OF HOUSE-PROPOSED RESCISSIONS ON LIBRARY PROGRAMS

Mr. Stokes: The recently reported House bill includes over \$28 million in cuts to Library programs. Specifically, what is the effect of these reductions in both the short- and long-term?

Dr. Robinson: The effect of the rescissions is discussed by program below:

For Public Library Construction, the rescission would eliminate 1995 funding for States that have not received their awards at the time the rescission is enacted. This is a current-funded State formula grant program. Awards are made as the State-approved projects for which the awards would be used are reviewed by the Department. Thus, in the short term, States that have approved projects ready for review would receive awards, and those still in the process of selecting projects, although equally deserving of funds, would not. Over the long term, this support for State and local authorities to renew and maintain library facilities would be lost, as would a source of funds for libraries to purchase the equipment and wiring necessary to participate in the information infrastructure.

The Library Literacy program was proposed for rescission by the Administration. In the short term, about 245 small grants scheduled for award in June would not be made. Over the long term, funding for literacy activities in public libraries could be supported by States with funds from the Public Library Services program. Public libraries would also be eligible for funds under the Adult Education and Family Literacy State Grants program.

The Library Education and Training program was proposed for rescission by the Administration. In the short term, awards scheduled for May would not be made. Over the long term, other sources of funds, including student financial aid, could provide support for persons wishing further education in library and information science.

The rescission of funds for the Library Research and Demonstration program would result in cancelling the award of \$1.5 million scheduled for May. The remaining \$5 million has already been obligated. The Administration did not propose funding for this program for 1996. Other sources of funds, such as the National Institute on Postsecondary Education, Libraries and Lifelong Learning in the Office of Educational Research and Improvement, can support library research as needs arise.

TUESDAY, MARCH 7, 1995.

HOWARD UNIVERSITY

WITNESSES

JOYCE A. LADNER, INTERIM PRESIDENT, HOWARD UNIVERSITY
WAYMAN SMITH, CHAIRMAN, HOWARD UNIVERSITY BOARD OF TRUSTEES

JACK F. KEMP, MEMBER, HOWARD UNIVERSITY BOARD OF TRUSTEES
VERNON E. JORDAN, JR., ESQUIRE, MEMBER, HOWARD UNIVERSITY BOARD OF TRUSTEES

DR. CHARLES H. EPPS, JR., EXECUTIVE DEAN OF THE COLLEGE OF MEDICINE, AND VICE PRESIDENT FOR HEALTH AFFAIRS, HOWARD UNIVERSITY

HON. HENRY RAMSEY, DEAN, HOWARD UNIVERSITY SCHOOL OF LAW
BERNARD K. JARVIS, VICE PRESIDENT FOR BUSINESS AND FISCAL AFFAIRS

SALLY H. CHRISTENSEN, DEPUTY ASSISTANT SECRETARY FOR BUDGET, DEPARTMENT OF EDUCATION

ROBERT DAVIDSON, DIRECTOR, POSTSECONDARY ANALYSIS DIVISION, BUDGET SERVICE, DEPARTMENT OF EDUCATION

Mr. PORTER. We continue our hearings today with Howard University. We are pleased to recognize the entire panel. I am told that Wayman Smith, the Chairman of the Board, wants to make all the introductions.

Mr. SMITH. Good morning. Thank you.

Mr. PORTER. Please proceed.

INTRODUCTION OF WITNESSES

Mr. SMITH. Good morning, Mr. Chairman and Members of this Committee. My name is Wayman Smith; I am Chairman of the Board of Trustees at Howard University.

It gives me great pleasure to introduce two distinguished trustees of the University, Vernon Jordan and Jack Kemp.

Mr. Jordan is the senior partner at Akin, Gump, Strauss, Hauer & Feld. He has been Executive Director of the United Negro College Fund and President of the National Urban League.

Mr. Kemp is currently the Co-Director of Empower America. He is a former Member of Congress and a former Secretary of the Department of Housing and Urban Development.

Also with us this morning is Dr. Joyce Ladner, who was appointed Interim President of Howard University by the Board of Trustees on May 14th, 1994.

Mr. Jordan and Mr. Kemp will make brief statements as trustees on behalf of the University, and then they will be followed by Dr. Ladner.

Mr. Jordan will speak first.

OPENING STATEMENTS

Mr. JORDAN. Mr. Chairman and Members of this Committee, I am honored to join my fellow trustee and dedicated member of the Republican Party, former Congressman Jack Kemp, in support of Howard University. Unlike Mr. Kemp, I am a Democrat, yet when it comes to Howard University, our interests and commitment are such that we today transcend politics for the good of this national treasure.

As a graduate of the Howard University School of Law and a member of the University's Board of Trustees, my perspective about Howard is based on several decades of continuous intimate association and involvement. Many of the teachers who taught me in the segregated schools in Atlanta were Howard University graduates. The dentist who filled my teeth, the doctor who took out my tonsils, the lawyer who did legal work for my family, and the librarian at the public library in my hometown were all graduates of Howard University.

I am, therefore, a witness here testifying without fear of contradiction to Howard's tradition of excellence, service and leadership, and I sit here, Mr. Chairman and members of this committee, as a proud beneficiary of Howard University's largess.

I entered the Howard University Law School in 1957 to become a Civil Rights lawyer and to return to my native South to help this land of my birth build a new South and claim its rightful place in our Nation. I entered Howard University Law School because I wanted to walk and study on those hallowed grounds where Thurgood Marshall, Robert Carter, Spotswood Robinson, William B. Bryant, Oliver Hill, and others learned the law. I wanted to sit in the classrooms where Charles Houston, William Casey, George Johnson, James Nabrit, Wiley Branton, and Herbert O. Reid had prepared young black men and women to go yonder in America to protect and defend the rights of the least of these, our brothers and sisters.

I entered Howard University Law School after four years at DePauw University in Greencastle, Indiana, where I was the only black in my class and one of five blacks in a student body of two thousand. While different in composition and endowment, there was no difference in the high quality of education that I received at Howard University.

Howard University serves an urgent national need in the education of America's young black people—and many whites, for that matter—and has always done so. Howard University, for nearly half of the 20th century, was the only comprehensive university—undergraduate, graduate, and professional schools—in the Nation ministering directly to black people.

Given that all of the Nation's major institutions of higher education have finally opened the doors to blacks and other minorities, some may question the need today for a substantive Federal investment in Howard University. A closer examination of the national academic environment, however, reveals that formidable challenges and obstacles still face the average black high school graduate.

First, the low and declining general quality of public education in many major cities and some rural areas effectively hinders and

impairs high school students in achieving the high test scores demanded by most schools and colleges for admission. Second, the ever-rising costs of post-secondary education place nearly all of Howard University's peer institutions completely out of the reach of most black students. Third, on average, these institutions tend to commit few resources to instruction for the underprepared high school graduate.

Young black men and women will comprise 24 percent of the national work force in the 21st century. They require the focus of a national school poised to address their needs. Indeed, their needs are national needs, and it is clear that if Howard University did not exist today, it would have to be, in my judgment, established—if necessary, by Federal authority.

Howard has, for nearly 130 years, taken the underprepared, underfunded, high-potential black student and produced more successful, prominent, professional, tax-paying graduates than any other university of similar size and complexity. Without the Federal investment, Howard University, the Nation's principal producer of black academic excellence and one of the linchpins of American higher education, simply could not provide the comprehensive high-quality curriculum that students with ability coming from families with limited resources need to become contributing, productive members of the mainstream of society.

Howard University remains the largest producer of black Ph.D.s in the country, producing three times more Ph.D.s than Harvard, and more than the University of Michigan and the University of California at Berkeley combined. Howard also produces the highest number of undergraduates to go on to earn Ph.D.s.

Mr. Chairman, members of this committee, we have not come here to request funding for a new program. Rather, we are here asking that this committee and this Congress reinvent, renew, and repeat a historic commitment that has reaped immeasurable dividends and results for this Nation and for black people. Ours is a proven product. Howard University is a national treasure in which this Congress is both a partner and a major investor.

Mr. Chairman, many years ago in the Supreme Court of the United States, Daniel Webster, a great American, argued before the Supreme Court about the charter for Dartmouth College, and he concluded his argument thusly: "Tis a small college, but there are those who love it." Howard is a great institution, and there are those who love it and need it.

Thank you, Mr. Chairman.

Mr. PORTER. Thank you, Mr. Jordan.

Mr. KEMP. Mr. Chairman, it's a great pleasure to be back before my old committee. Twenty-five years ago, I was a member of this committee, and today I'm back as a friend of and trustee of that which Vernon Jordan eloquently called a national treasure.

Let me say that I appreciate the introduction by Chairman Wayman Smith. I'm thrilled to be here with friends on both sides of the aisle and, of course, particularly honored to be part of the team of Jordan and Kemp that expresses bipartisan support for what Vernon called a national treasure. It is, and Dr. Joyce Ladner is doing an incredible job, Mr. Chairman, meeting the definition of education in America for these young men and women. I'm very

proud of the job that she is doing, and I look forward to her testimony.

I wanted to address this perhaps a little differently than Vernon, because no one can speak as eloquently as Vernon Jordan about what an education at Howard means and what it means to this country. I watched Sunday the anniversary of the march on Selma. I wasn't there. I was playing football, raising a family. I was doing pretty well as a quarterback of a professional football team, and I knew that something was wrong in America, I must admit, watching the movies on television or the news reports of John Lewis and black men and women, many of them young, Mr. Chairman, getting their heads bashed in and gassed by those who were denying human beings their rightful entry into our society.

Then, to watch Sunday night John Lewis get the keys to the city from the Mayor of Selma was unbelievable. They put their arms around each other, and I don't know if it was a metaphor or what, but it seemed to be—and I take it at face value—a unique moment for the City of Selma. They've come a long way.

Lincoln said you serve your party best by serving the Nation first. I believe that from the bottom of my soul, and I believe, as Vernon does, that we are serving our Nation by supporting this University and its Federal charter. Howard University, in my view, is providing today keys to the American dream for young black men and women and low-income men and women, not unlike metaphorically what the mayor did for John Lewis when he got the keys to Selma last Sunday night.

As I said, I wasn't in Selma with John Lewis. I've said many times before I wish I were. I wish I had been there. But I wasn't. But I'm here today, as are you and you and you and all of us, to try to open up this country to the most important keys to the American dream, other than home ownership and a job, and that's education.

I went to pretty much an all-white college, Occidental College in Los Angeles, California, in the 1950s. Today it's multicultural, much more diverse, many more blacks, women, Native Americans, and I praise Dr. John Slaughter, the former president, for raising that at Occidental.

We have a chance here today, Mr. Chairman, to lend our support to a cause which, in my view, is as American as things which we all hear not only in the great party that Vernon alluded to, the Democratic party, but also in the Republican party. The Federal appropriation for Howard University was formalized March 1928, by a Republican from Michigan, Lewis Cramton. He proposed it. 162 Republicans voted for it. One voted against it. I'd hate to be the Republican that voted against it. Do we want our party to go down in history as a party who denied this federally-chartered national treasure and institution a chance to survive, grow, prosper, be reformed, challenge and change, as Dr. Ladner and Wayman and the trustees have attempted to do in a bipartisan fashion?

It was Senator Dan Quayle from Indiana who introduced legislation in 1984 to expand Howard's endowment. The spending was not in excess of any great society program. It was a long-term commitment to the important belief that America's racial problems—inci-

mentally, I think a dagger aimed at the heart of the American dream—could be solved by excellence, education, and opportunity.

Some of my fellow Republicans have criticized Howard for being unique in its level of Federal support. I'm on the board of the Heritage Foundation. They call for zeroing out the budget for Howard. I want to say emphatically that I appreciate what Heritage does to open up our thinking to many new ideas about urban strategies, and to me this is a step in an urban strategy that should begin right here in the Nation's capital, and will not be complete until we have liberated and emancipated our young people from the despair that all too often has gripped their lives from lack of education, lack of opportunity, and lack of ownership of assets and jobs.

Howard is unique in its treatment by Congress because it's unique, as Vernon said, in its mission. It is a national university for a national need. Vernon talked about physicians and lawyers and dentists and engineers and nurses and entrepreneurs and diplomats. Diplomats. I'm sure Dr. Ladner will identify the number, but I think just about every distinguished African-American diplomat has graduated from Howard. Not to be denigrating to any other historical black college or great American university that is multicultural, but simply to recognize the uniqueness of Howard.

I've been involved in urban issues, Mr. Chairman, for many years. As a trustee of Howard, I've seen Howard graduates at work. They are the solution to our problem, not the problem. They're not a drain on our public resources, they are a resource. The ambition to attend Howard, to walk in the footsteps of the men and women that Vernon alluded to or even Vernon Jordan himself—albeit I don't suggest they become Democrats to do it—can be a great source of hope in communities where hope is rare and despair is great.

Let me conclude by suggesting, as a student of history, that Howard's charter was approved by President Andrew Johnson following the assassination of Abraham Lincoln. This institution embodies, in my view, the spirit of Lincoln. It was Lincoln who pushed the Morrill Land Grant Act of 1862, as well as the Homestead Act. It was Lincoln who said, Mr. Chairman, "I want to see the time in America when education—and by that I mean morality, enterprise, and industry—will become much more general than at the present time." It wasn't even allowed for African-Americans who had been emancipated from slavery. He said, "I would be gratified to have it in my power to contribute something to the advancement of any measure which might have the tendency to accelerate that knowledge."

Lincoln's support for education and home ownership was his idea of affirmative action. This is a tradition of which Republicans can be proud, and we should be defending it. An earlier president of Howard said, "Every college and university must choose for itself what its mission will be." The mission of Howard University for 100 years has been especially to assist African-Americans in crossing the threshold of opportunity. If we are not building opportunity, Mr. Chairman, what are we doing? What are we about? Why are we here?

Thank you.

Mr. PORTER. Dr. Ladner, do you want to proceed at this point?

Dr. LADNER. Thank you, Mr. Chairman. I will begin by saying that I was one of those young students from the South who went to Selma. Hence, my success story is that I come back today as the Interim President of the most comprehensive historically black university, and that has remained bipartisan throughout its entire 128 years. I became the University's chief executive nine months ago.

I want to thank the Committee for the opportunity to testify in support of the Department's budget request for Howard University. I want to also thank the Department of Education, with which the University has enjoyed a positive and lasting relationship.

I would like to say at the outset that the University recognizes the demands on the committee, and we look forward to working with the committee in a constructive and cooperative way.

Mr. Chairman, as Trustees Jordan and Kemp have indicated, Howard is a very special place. I would like to give the committee a 5-minute overview of the University.

We have 79,564 alumni. We are the only Research Level I-historically black university in the Nation. We have 1,239 faculty—that does include full- and part-time—teaching approximately 10,500 students in 17 colleges and schools. We offer 50 degrees and 139 majors.

Because of the Federal investment, Howard University is the leading producer of African-American doctorates in the country and a major avenue of post-secondary access and opportunity for minority students nationwide.

Mr. Chairman, if I could turn your attention to the chart here, Howard University is fully accredited by the Middle States Association of Colleges and Schools. Exhibit 1 shows the 25 different agencies that have accredited Howard's schools and colleges. We have no unaccredited programs.

[The information follows:]

EXHIBIT 1: ACCREDITATION

Howard University is fully accredited by the Middle States Association of Colleges and Schools. The following is a list of the bodies that have accredited Howard's schools and colleges.

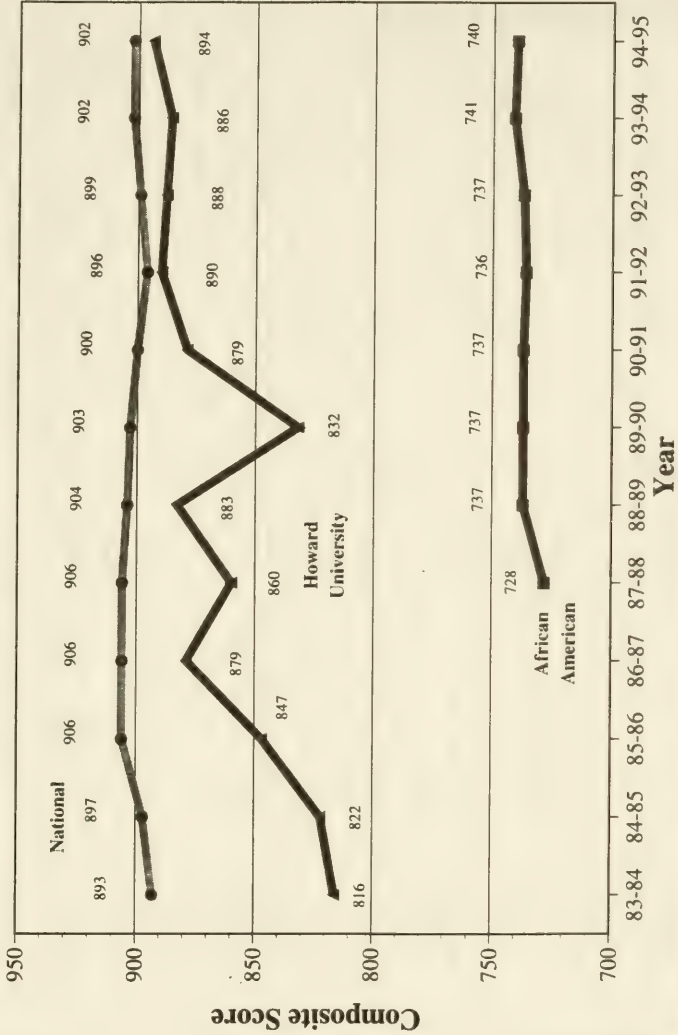
SCHOOL	ACCREDITING AGENCIES	SCHOOL	ACCREDITING AGENCIES
Allied Health	Commission on Allied Health Education and Accreditation; American Dietetic Association; American Physical Therapy Education	Fine Arts	National Association of Schools of Art and Design; National Association of Schools of Music
Architecture and Planning	National Architectural Accrediting Board	Graduate School	Middle States Association of Colleges and Schools
Arts and Sciences	Middle States Association of Colleges and Schools	Law	American Bar Association; Association of American Law Schools
Business	American Assembly of Collegiate School of Business	Medicine	Liaison Committee on Medical Education Representing the American Medical Association and the Association of American Medical Colleges
Communications	American Council on Education in Journalism and Mass Communications; American Speech, Language and Hearing Association	Nursing	National League for Nursing
Dentistry	Commission on Dental Accreditation of the American Dental Association; Commission on Dental Accreditation of the Residency Program	Pharmacy	American Council on Pharmaceutical Education
Divinity	American Association of Theological Schools	Social Work	Council on Social Work Education
Education	National Association of State Directors of Teachers Education and Certification; National Council on Accreditation of Teacher Education; American Psychological Association	University Libraries	Association of Research Libraries
Engineering	Accreditation Board of Engineering and Technology, Inc.		

Dr. LADNER. Exhibit 2 shows that while the average 1994 SAT scores for all students and African-Americans remained unchanged from last year, test scores for Howard students increased. Test scores for Howard students are 154 points higher than the national average for African-American students and virtually identical to the national average for all test takers. In addition, this year 43 of the University's entering students were National Achievement Scholars. We have National Merit Scholars among our students as well.

This systematic improvement—that is, raising the average test score by 50 points—is the direct result of actions taken by the University in response to concerns raised by this committee five years ago.

[The information follows:]

EXHIBIT 2: COMPARISON OF AVERAGE COMPOSITE SAT SCORES



Dr. LADNER. Exhibit 3 indicates that Howard truly is a national university, with students currently coming from 49 of the 50 States.

[The information follows:]



EXHIBIT 3: ENROLLMENT BY STATE

STATE	RESIDENTS	STATE	RESIDENTS	STATE	RESIDENTS
Alabama	80	Louisiana	124	Ohio	182
Alaska	14	Maine	2	Oklahoma	26
Arizona	18	Maryland	1,855	Oregon	11
Arkansas	21	Massachusetts	129	Pennsylvania	341
California	734	Michigan	216	Rhode Island	17
Colorado	39	Minnesota	36	South Carolina	147
Connecticut	154	Mississippi	50	South Dakota	1
Delaware	41	Missouri	97	Tennessee	88
Florida	317	Montana	0	Texas	239
Georgia	301	Nebraska	4	Utah	3
Hawai	8	Nevada	14	Vermont	3
Idaho	3	New Hampshire	7	Virginia	571
Illinois	315	New Jersey	359	Washington	65
Indiana	76	New Mexico	8	West Virginia	8
Iowa	5	New York	945	Wisconsin	34
Kansas	18	North Carolina	198	Wyoming	2
Kentucky	13	North Dakota	2		

Dr. LADNER. Mr. Chairman, the center of any great university is its faculty. Exhibits 4 and 5 show the number of faculty and their average salary. It should be noted that several hundred faculty also teach part-time at the University without compensation, and that faculty salaries at Howard are lower than the national average.

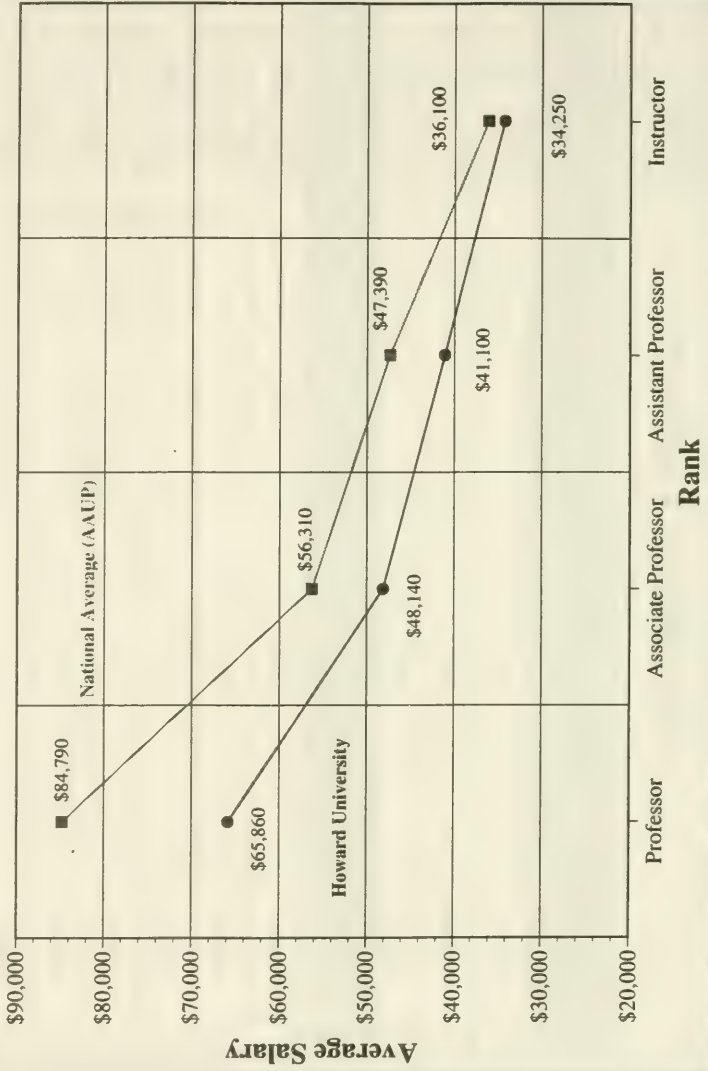
Under other circumstances, Mr. Chairman, I would be asking this committee for additional support to continue our improvement in bringing the faculty salaries up to par. We are indeed second from the bottom in the metropolitan area regarding faculty salaries.

[The information follows:]

EXHIBIT 4: FACULTY

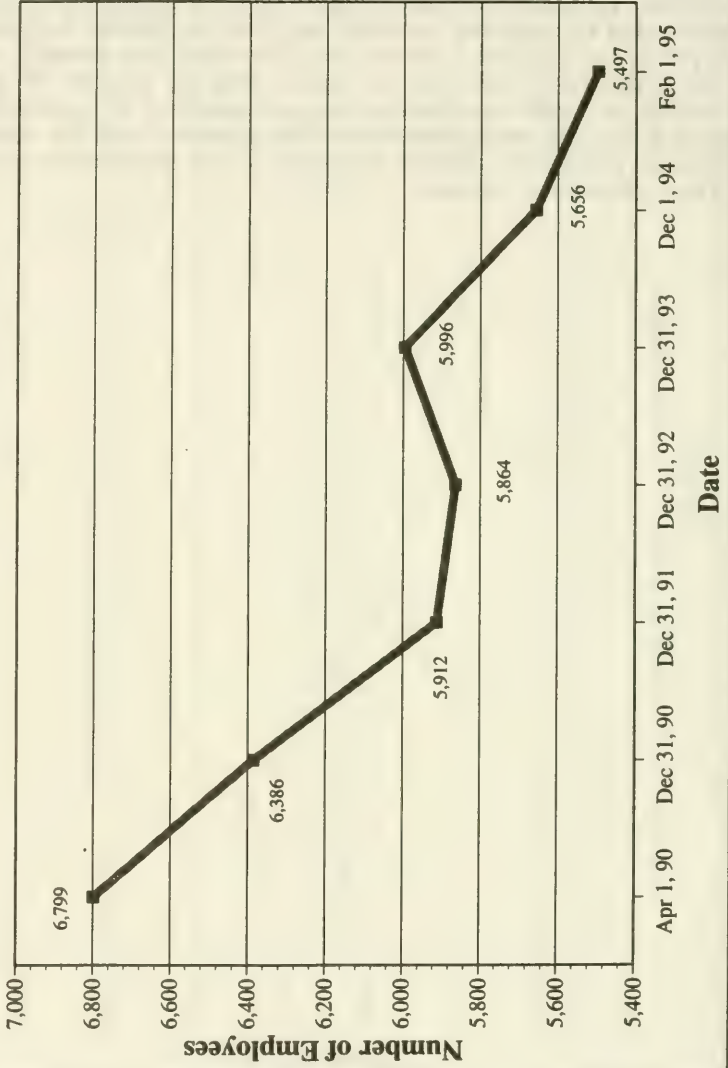
STATUS	ACADEMIC AFFAIRS	HEALTH AFFAIRS	TOTAL
Full-Time	683	341	1024
Part-Time	147	68	215
Total	830	409	1239
RANK			
Professor	211	84	295
Associate	212	147	359
Assistant	131	123	254
Instructor	93	47	140
Lecturer	175	8	183
Adjunct	8	0	8
Total	830	409	1239

EXHIBIT 5: COMPARATIVE FACULTY SALARIES



Dr. LADNER. Almost five years ago, with the full support of this committee, Howard University began a deliberate effort to reengineer its work force and to shift more of its resources from administration to academic programing. That initiative is at the half-way point, but Exhibit 6 shows that the effort has already resulted in the University reducing its work force by almost 20 percent, translated to 1,300 employees. This achievement is especially noteworthy when the committee takes into account that the reductions have been primarily—almost entirely—in the non-faculty area.

[The information follows:]

EXHIBIT 6: EMPLOYMENT

Dr. LADNER. Exhibits 7 and 8 deal with outcomes and effectiveness. First the good news: Howard University continues to lead the Nation in the production of African-Americans with advanced degrees. According to the Carnegie Commission, Howard University is the only Research Level I-historically black college or University in the country. In addition, the National Research Council recently cited Howard as the leading producer of African-American doctorates in the country, producing three times the number as Harvard University and more than the University of Michigan and the University of California at Berkeley combined—all very prestigious research universities. Now the bad news: Exhibit 8 shows that African-Americans are the only group of Americans whose rate of doctoral production is declining.

[The information follows:]

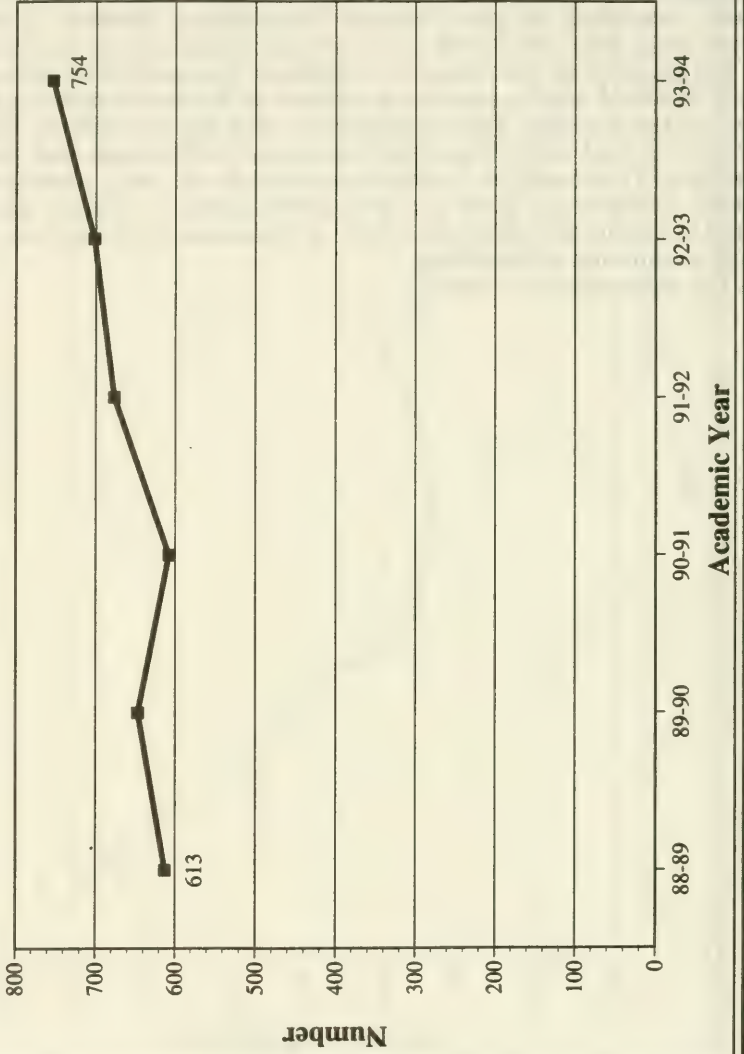
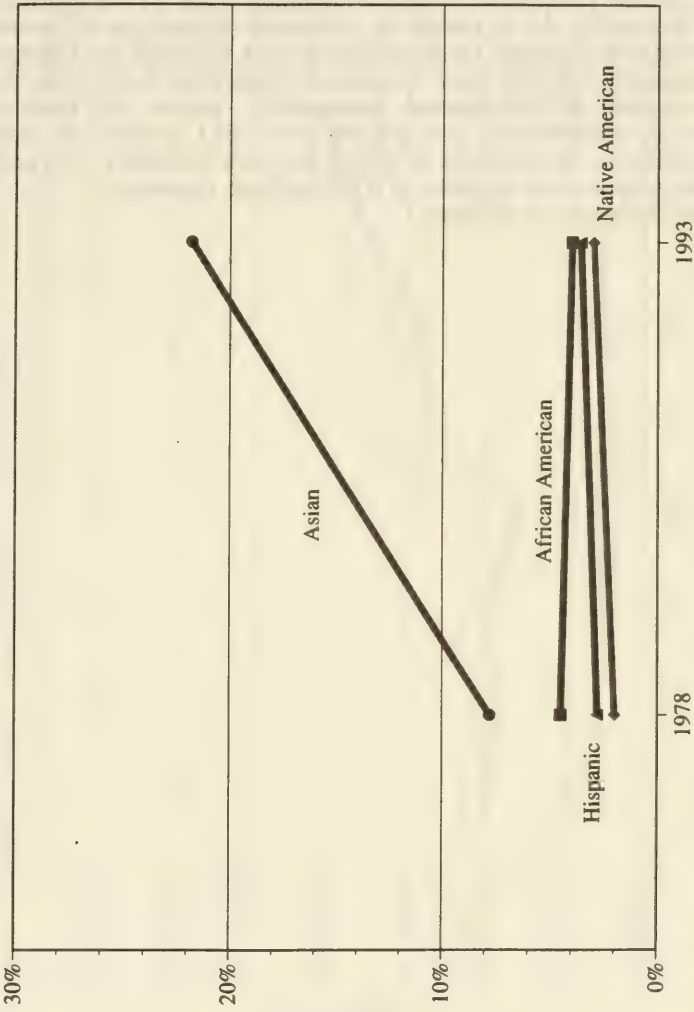
EXHIBIT 7: ADVANCED DEGREES AWARDED

EXHIBIT 8: PRODUCTION OF MINORITY DOCTORATES



Dr. LADNER. Exhibits 9 and 10 show concretely the positive effect of the discrete funding of this committee in two very different areas. Nine years ago, Howard did less than \$11.9 million in contract research. As a result of a special allocation to increase the University's capacity to do research and to build an infrastructure for research, awards have increased more than three-fold. A similar story relates to the special endowment, where the book value of Howard's endowment has grown from \$31 million to more than \$120 million, an increase of 287.1 percent. Actually, the book value of that endowment is close to \$130 million currently.

[The information follows:]

EXHIBIT 9: RESEARCH PRODUCTIVITY

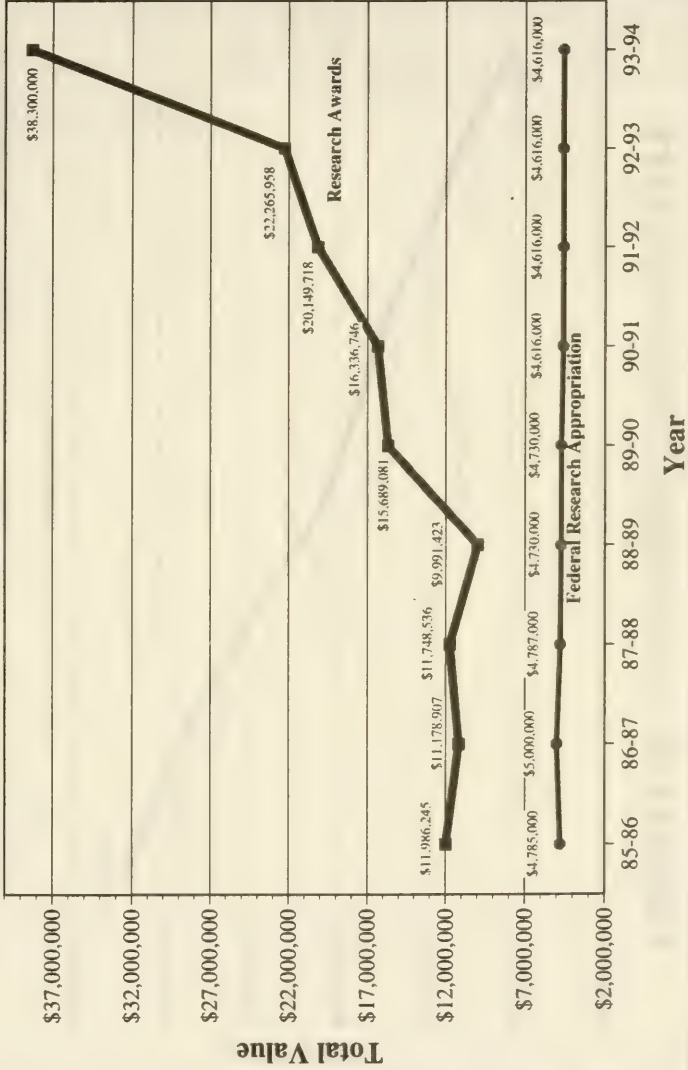
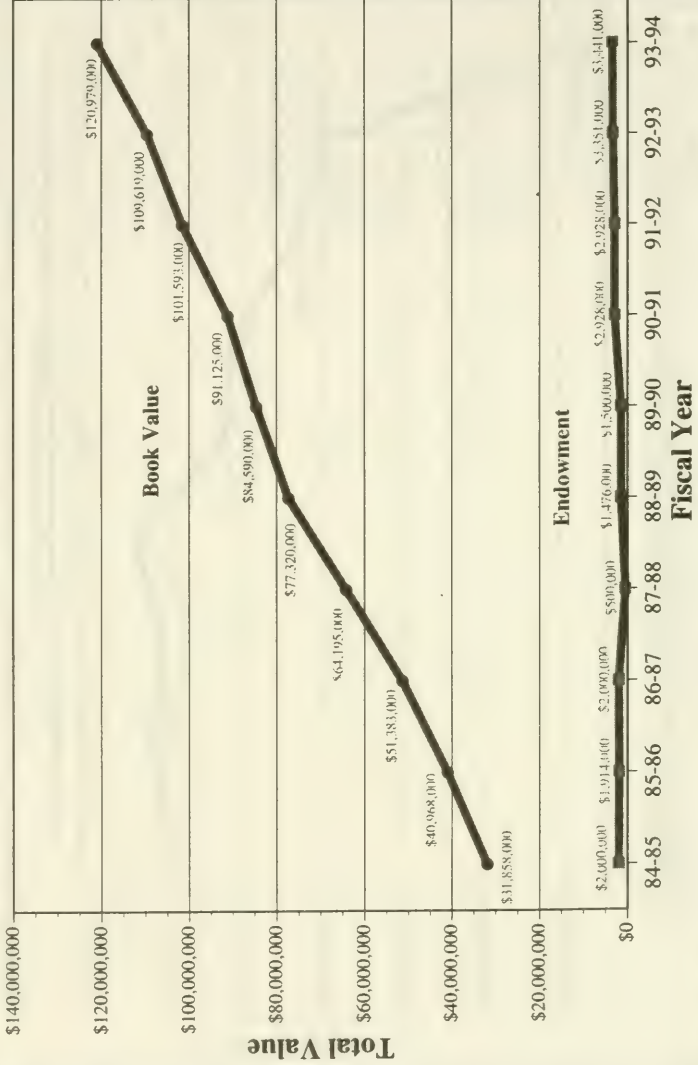


EXHIBIT 10: ENDOWMENT PRODUCTIVITY



Dr. LADNER. Finally, Exhibit 11 shows, once again, that Howard serves a national constituency, whose alumni reside in all 50 States. Thirteen States have more than 500 alumni and eight have more than 1,000. I should say in closing that our second largest number of students comes from New York, and the third largest from the State of California.

[The information follows:]

EXHIBIT 11: ALUMNI BY STATE

STATE	ALUMNI	STATE	ALUMNI	STATE	ALUMNI
Alabama	330	Louisiana	336	Ohio	885
Alaska	15	Maine	13	Oklahoma	95
Arizona	67	Maryland	10,209	Oregon	24
Arkansas	52	Massachusetts	425	Pennsylvania	1,459
California	2,309	Michigan	883	Rhode Island	51
Colorado	135	Minnesota	82	South Carolina	425
Connecticut	419	Mississippi	170	South Dakota	2
Delaware	182	Missouri	292	Tennessee	372
Florida	1,131	Montana	1	Texas	793
Georgia	1,193	Nebraska	15	Utah	2
Hawaii	45	Nevada	39	Vermont	9
Idaho	6	New Hampshire	28	Virginia	1,667
Illinois	910	New Jersey	1,896	Washington	104
Indiana	260	New Mexico	28	West Virginia	58
Iowa	26	New York	3,324	Wisconsin	87
Kansas	62	North Carolina	957	Wyoming	1
Kentucky	73	North Dakota	3		

Dr. LADNER. Mr. Chairman, I am honored to have been joined today by Trustee Jordan, Trustee Kemp, and Chairman Smith. When these statistics and details are blurred in your mind, I hope that you will remember their eloquence and passion. We share a collective pride in Howard University. I've spent 15 years of my career there, most of them as a faculty member. Not only do we have a collective pride in Howard University for what it has done, but for what we know it can do.

Thank you.

[The statement and biography of Dr. Joyce Ladner follows:]

DEPARTMENT OF EDUCATION
Statement By
Dr. Joyce A. Ladner
Interim President, Howard University

Mr. Chairman and Members of the Committee:

It is my honor and privilege to appear before you today to discuss the fiscal year 1996 budget request for Howard University. I am accompanied by two members of the Howard University Board of Trustees The Honorable Jack F. Kemp, and Mr. Vernon E. Jordan. I am also joined by the Honorable Henry Ramsey, Dean of the Howard University School of Law, Dr. Charles H. Epps, Executive Dean of the Medical School and Vice President for Health Affairs, and Mr. Bernard K. Jarvis, Vice President for Business and Fiscal Affairs. Judge Ramsey, Dr. Epps, and Mr. Jarvis will assist me in answering any questions the Subcommittee may have following my testimony. Mr. Kemp and Mr. Jordan, however, wish to provide a few brief remarks regarding the University in advance of my testimony. Mr. Kemp will address the Subcommittee as a former Member of Congress, as a member of the Howard University Board of Trustees, and as a private citizen who is concerned about institutions of higher education in general, and Howard University in particular. Mr. Jordan will address the Subcommittee in his capacity as a member of the Howard University Board of Trustees, as the former Executive Director of the United Negro College Fund, and as a distinguished Howard University alumnus. With your permission, Mr. Chairman, I would like to have Mr. Kemp and Mr. Jordan address the Subcommittee at this time.

Howard University

The fiscal year 1996 budget submitted by the President reflects the Administration's support for maintaining and improving the quality and financial strength of an institution that provides a major avenue of postsecondary access and opportunity for African Americans. The total fiscal year 1996 budget request for Howard University is \$196 million, a 5.1 percent decrease from the fiscal year 1995 budget caused by a one-time allocation of \$10.5 million in fiscal year 1995 for the Clinical Law Center, and emergency construction funding requirements.

Academic Program

The fiscal year 1996 Academic Program request is \$158.3 million, which is the same as the fiscal year 1995 appropriation. These funds will assist the University in its continuing effort to provide educational and research opportunities to approximately 11,000 students in academic fields that are critical to the future economic viability of America, but in which minorities are still underrepresented. This funding will also assist the University in meeting operational expenses and in providing student financial aid. Continued funding for this program will enhance the University's ability to maintain a high level of academic excellence.

Endowment

The fiscal year 1996 request for the Endowment program of \$3.5 million is the same as fiscal year 1995. These funds will continue to assist the University in its effort to reduce its

financial dependency on the Federal Government, as well as provide financial support for Howard's operating budget, construction, and research needs. Since the inception of the Endowment program in fiscal year 1984, the University has matched all Federal funding provided for this program.

Research

The fiscal year 1996 Research request of \$4.6 million is the same as fiscal year 1995. These funds will continue to subsidize the Howard University Faculty Research Support Grants Program, which provides partial funding for capacity-building "base" research. The program enhances the University's research capability and, consequently, improves Howard's position in bidding for external grants and contracts.

Howard University Hospital

The fiscal year 1996 Howard University Hospital request of \$29.5 million is the same as fiscal year 1995. In conjunction with the Howard University School of Medicine, the hospital serves as a teaching facility for the University. These funds will be used to further the education of the University's allied health and medical students. In addition, the funding will assist the hospital in maintaining financial and clinical information system capabilities, an integrated health care delivery system, and the development and enhancement of a primary care network and quality assurance programs.

Mr. Chairman, I am also providing for the record several graphs, as the University has done for the last 2 years, for review by the Subcommittee and inclusion in the record.

- Comparative SAT scores
- Howard University Employment
- New Comparative Faculty Salaries
- Ph.D. Degrees Awarded
- Research Productivity
- Endowment Productivity
- Enrollment of Students by State
- New Comparative Advanced Degrees Awarded

Mr. Chairman, this concludes my testimony and I would be happy to answer any questions you and the other members of the Subcommittee may have.

**Department of Education
Office of Postsecondary Education**

Biographical Sketch

NAME: Dr. Joyce A. Ladner

POSITION: Interim President, Howard University

BIRTHPLACE: Hattiesburg, Mississippi

EDUCATION: Tougaloo College, B.A.
Washington University, M.A.
Washington University, Ph.D.

EXPERIENCE:

1994-Present	Interim President, Howard University
1990-Present	Vice President for Academic Affairs, Howard University
1980-1990	Professor, School of Social Work, Howard University
1971-1980	Professor of Sociology, Hunter College, CUNY

HONORS AND AWARDS:

Hall of Fame, Black History Month 1995, U.S. Department of Energy

American Sociological Association, Sociological Research Association, 1994

The 1994 Lee Founders Award, The Society for the Study of Social Problems

Academic Excellence Award, National Congress of Black Faculty

Wise Women Award, Center for Women's Policy Studies

Mr. PORTER. Dr. Ladner, when you and I met earlier, we talked about Howard University, and I told you I had five new members of my subcommittee who knew probably nothing about Howard University and you needed to take it as your responsibility to educate them, and I see you've taken that as a very high responsibility.

My staff had suggested the first question be that you justify the reason for Howard's support by the Federal Government, and I have to say that with the testimony of Vernon Jordan and Jack Kemp and yourself on that subject, I have never heard more eloquent articulation of the reason why the United States should continue its support of Howard University. I can't imagine any need to further discuss that subject, except that I find an absence of the very people that have to hear that message on my side, except for Mr. Dickey, and that message needs further articulation with them in some way.

There is so much happening on the Hill in the first 100 days that many Members have multiple meetings. I apologize for their not being here. I wish they could have had an opportunity to hear Mr. Jordan and Mr. Kemp and yourself explain so well why Howard is a national treasure.

Mr. JORDAN. Mr. Chairman, if you can arrange a time and a place, we would be happy to make our presentation to them.

Mr. PORTER. Well, we're going to work that out somehow, because I think it's a message that people need to understand. When Jack had said that the college was chartered by the Federal Government in 1867 under President Johnson, a Republican, subsequent to Abraham Lincoln, that it was first appropriated in 1928 under the Administration of Calvin Coolidge, by a Republican Congress, that ought to remind all of us of the commitment of our party that ought to be, in my view, an ongoing commitment.

So I can't tell you how much I appreciate your bringing these gentlemen with you in support of your position, and I can say to Mr. Kemp that it was my great honor and privilege to serve alongside him and under his leadership on this committee and on the Foreign Operations Subcommittee for a number of years. He said when he called yesterday that it was one of the great ironies of political life that here he had served so long in the Congress and he had to call me "Mr. Chairman," and my response was that I would be delighted to be calling him "Mr. President." [Laughter.]

Ms. PELOSI. Mr. Chairman, if I may, I unfortunately am among those who have some responsibilities as a ranking member right now, not on this committee, but on another. If I just might say, with your permission, that certainly I associate myself with all of the remarks that you have made about the excellent presentation on the merits of Howard University, but I just want to say one more thing, and that is, every chance I get, I want to thank all of you and the leadership of Howard University for granting our country one of its greatest benefits, desegregation, which happened because of leadership of Chief Justice Thurgood Marshall and his associates, who were trained at Howard University.

So I don't know that any further justification is necessary. The value of what Howard contributes to this country is immeasurable, and I want to thank you for that, and to please be excused.

Thank you, Mr. Chairman.

Mr. PORTER. Thank you, Ms. Pelosi.

BUDGET REQUEST

I'll begin by clarifying something about the President's budget request for Howard. If you look at the numbers, you might think that the request is for a decrease of \$10.5 million in funding for fiscal year 1996, but the 1995 budget included a one-time funding for construction and the clinical law center, and when you account for these one-time appropriations, the budget really asks for level funding. Isn't that correct?

Dr. LADNER. That's correct.

DISTRICT OF COLUMBIA BONDS

Mr. PORTER. I also want to ask you about the impact of the D.C. bond rating on the University. A Coopers & Lybrand audit completed June 30th of last year indicates the University holds substantial investments in District of Columbia bonds. Can you provide for the record the details of these investments and tell us now, has the District's financial condition substantially impacted the fiscal health of the University?

Dr. LADNER. Let me begin by saying that we have no D.C. bonds, but we'll furnish you the details of what we do have.

Mr. JARVIS. The University has no investments in District of Columbia government bonds in its investment portfolio. The Coopers & Lybrand audit that you mentioned indicated that the University had outstanding about \$160 million of bonds issued through the District of Columbia government and a 501 organization, since the University is not able to issue bonds on its own. But the bonds that are outstanding are standing on the full faith and credit of the University.

Mr. PORTER. In other words, they're funds that you've borrowed?

Mr. JARVIS. Yes. We've borrowed funds from investors through the District of Columbia government.

Mr. PORTER. And D.C. is in the nature of the guarantor of the bonds?

Mr. JARVIS. No. The bonds are backed by the full faith and credit of Howard University.

Mr. PORTER. What does D.C. have to do with them? I don't quite understand.

Mr. JARVIS. The tax law does not permit not-for-profit organizations—universities, trade associations—to issue tax debt on their own. They must go through a municipality, a local government.

Mr. PORTER. All right.

Mr. JARVIS. That's a good point, and there are typical colleges and universities throughout the Nation that are not members of States that have independent debt authority.

HISTORICAL CHANGES

Mr. PORTER. All right. I'm glad you cleared that up.

Dr. Ladner, I'd like to ask you a few questions about some historical changes to Howard and what you think they indicate for the future of Howard. My staff believes these are difficult questions,

but that it's important for the subcommittee to have the benefit of your views on them.

The first thing is a broad view of education. Three-quarters of all black students today attend predominantly white colleges, and that figure has been increasing since the 1960s, when the majority of black students attended predominantly black schools. Is the role of the historically or predominantly black college being somehow eclipsed, and do you see this trend continuing in the future?

Dr. LADNER. Quite the contrary, Mr. Chairman. The fact is that as a result of the desegregation of colleges and universities, those schools that were previously closed to blacks are now open, and we've seen, coupled with that, a demographic explosion in the numbers of young black men and women who will now have the opportunity to go to college, where in generations past they were not able to do so. What we find is a more compelling reason for maintaining historical black colleges and universities today than ever before, because our track record for graduating those students—instead of just having them enter the schools, we graduate them in much larger numbers.

I also think that the very real fact is that, in many of these institutions, students do face tremendous challenges and difficulties. Many of them enter colleges and universities without adequate preparation as a result of the poor education they get in the secondary schools. So that the historical black colleges are much more adept, I would say, at historically having been able to take a young man or woman that I would call a "diamond-in-the-rough" and work very, very hard with them, because that's part of the mission, and it's also part of the way we tend to operate. What one will find is that the enrollment in many historical black colleges and universities is actually increasing.

Mr. PORTER. This question I think you've already partially answered, but maybe you'd like to expand on it, and I think from the chart you've partially answered it also. Through the 1960s, Howard was really the flagship university for blacks in America. It attracted many, if not most, of the truly elite top black students. However, some observers of the University tell me that this is no longer the case, that students are exercising the many options they now have to attend other predominantly black schools or majority white schools, and many of the best students who in the past would have chosen Howard are now opting for other alternatives. Is this true, and if so, what implications does it have for Howard's future?

Dr. LADNER. Mr. Chairman, I would say certainly that with integration, many of the more well endowed colleges and universities, predominantly white institutions, have the capacity to offer various scholarship funds to some of the best and brightest, and also we feel at Howard that true diversity means that students ought to have the choice to go wherever they wish.

So I think that what we're seeing is that irrespective of the fact that some of our sister HBCUs—historically black colleges and universities—are now attracting very good students, Howard still gets an enormous number of those students. One of the important indicators of that, for example, is that the largest number of students who take the SAT and ACT exam check off Howard University as one of the institutions to have their scores sent to.

Mr. JORDAN. Mr. Chairman?

Mr. PORTER. Mr. Jordan?

Mr. JORDAN. If I may, please, sir.

Earlier in my career, I was for 2 years the Executive Director of the United Negro College Fund, during which time I spent an enormous amount of time raising money for then 40 colleges and 45,000 students, and we did that on the assumption that if America is to be an open, pluralistic, integrated society, then all of its young people ought to have a choice.

When I graduated from college, I could not choose to go to the University of Georgia Law School. It had nothing to do with my superior mind, it had nothing to do with my parents' lack of money or money. It had everything to do with the intensity of this dark pigmentation of my skin. So Howard presented an opportunity, and a good opportunity, and despite the integration that has now taken place, it has a rightful place, in my judgment, to present an option.

And to your point of whether or not there is in fact a "brain drain," Dr. Ladner just gave you figures of the number of National Merit Scholars who in fact come to Howard. So that the opening up of other schools does not render Howard as an institution that should not exist. It in fact reinforces, if you believe in options and a pluralistic society, that Howard should in fact exist. Even if I could have gone to the University of Georgia, Thurgood Marshall's legacy would have drawn me to Howard.

Dr. LADNER. One final point, Mr. Chairman, if I may. Howard also produces the largest number of undergraduates who go on to get doctorates of any school in the Nation.

Mr. PORTER. And the SAT scores over the last five or six years have been right up there.

Ms. LADNER. Right.

Mr. PORTER. Thank you.

Mr. Stokes?

Mr. STOKES. Thank you very much, Mr. Chairman. At the outset, let me say I'm in the category of those Members whom you referred to this morning that are due in several different places at the same time. I was over in our VA-HUD Subcommittee hearing on the FY 1996 budget, so I apologize for being late.

I also apologize to two of my dearest friends, a former Member, Jack Kemp, and Vernon Jordan, both of whom I hold in the highest esteem. Jack, it's always a pleasure to see you. We had a great friendship while you were here in the Congress, and we have continued that friendship. I know you're concerned about the University, and I appreciate your appearance here very much. Of course, I appreciate the appearance of Mr. Jordan, who is not only one of America's most distinguished attorneys, but who also will always remain Mr. Civil Rights in the eyes of most of us who worked with him over the years, during the entire Civil Rights movement.

Dr. Ladner, we're also pleased to have you here this morning. Your appearance here this morning brings a great deal of pride to me. Over a number of years, I've had the pleasure of sitting on this Committee and seeing each of Howard University's Presidents come before us. All of them have always represented Howard University in a very prestigious and dignified manner, and you being

the scholar that you are, and the interim leader that you are, it's a pleasure to welcome you, too, here this morning.

STATE OF EDUCATION

I would ask you firstly, in your capacity as the Interim President of Howard University and in your position of being a noted scholar, to take a moment to give us your views on the state of education in general in America today, and particularly with respect to African-American students.

Dr. LADNER. Thank you, Mr. Stokes. The state of education in America today is, I would say, bifurcated. On the one hand, for those students, young men and women, who have the opportunity, they can get the best education in the world. We often use the term today "mobil education," because there are no boundaries anymore. Howard, for example, is afforded this technology, especially with the recent acquisition of a Cray computer to have linkages, for example, with all the historical black colleges and universities for information transmission or uplink and downlink satellite capabilities or distance learning, et cetera. That's one of the roles we also play, Mr. Chairman.

I would say, on the other hand, that a very, very large number of students are locked into some of the most miserable settings in public schools in both rural and urban areas around this Nation, and those are the ones that Howard traditionally has tried to serve—those who lack opportunity, those who are least likely to be able to make their way through school—and increasingly what we're finding is we're sort of among the leaders in this regard at Howard, and what we're doing is going deeper and deeper into the pipeline, just trying to make sure that we keep young men and women in school long enough to get through high school and then into the system of higher education.

One of the tragedies that we are faced with today is that we see for all minority groups that the number of Ph.D.s, the number of doctorates overall, is increasing, but for African-Americans it is decreasing. I believe that is directly related to the lack of sustained opportunity in the K through 12 classes as well as in the undergraduate ranks. So we come here today, sir, with deep concern about how we will fare in the future.

INFORMATION SUPER HIGHWAY

Mr. STOKES. You've sort of touched on it, but let me ask you in terms of the information super highway. Is your University involved in it at all? And, if you are, tell us to what degree and in what way.

Dr. LADNER. We are, but I think there's a lot more that can be done to assist us in this regard, and we'd certainly like to submit information in more detail for the record. But we now are hooked up, for example, with seven other HBCUs. Eventually, we will have a link to all the HBCUs with our new Cray computer where we can transmit data, video, voice enhancement. All of this will be designed to enhance the research capacity and be part of that information highway. Ten years ago, we did the same with satellite communication, with which we were able to provide distance learn-

ing capabilities and shared learning to other HBCUs, and we've used that quite a lot.

The information systems academic program in the School of Business recently, for example, was voted as one of the top 10 in the country in our ability to provide students with the education that will make them very competitive in interacting in the information highway. I think that much more attention needs to be given to the subject. We need more resources, but we do have tremendous capacity already.

FEDERAL GOVERNMENT INVESTMENT

Mr. STOKES. Earlier on, the Chairman mentioned that Howard is generally referred to as being the flagship of the historically black colleges and universities in America, and indeed you are. In addition, the University probably is the most prestigious of our historically black colleges and universities. In that capacity, the Federal Government has, over a period of time, recognized that and, pursuant to it, has made a substantial investment in research at Howard University—particularly over the last 10 years. Would you give us some idea of what that investment in Howard has meant in terms of research.

Dr. LADNER. Exhibit 9 shows concretely the positive effect of the discrete funding by this committee, and that is to say that we had started out almost 10 years ago with only \$11 million in contract research. As a result of a special allocation to increase the University's capacity to do research, awards have increased more than three-fold.

I should like to point out two particular research projects that we've been able to obtain as a result of this funding. They have come as a result of the cumulative building up of our capacity. One is that we received a \$9 million grant from the Department of Energy to establish a laboratory on our Beltsville campus that would allow Howard, in collaboration with Bell Labs and the University of Michigan, to build a sector of the advanced photon source. As a social scientist, I would say it's on the order of the Super Collider. I suppose I could explain it a little more. It's a giant O-ring that's being erected by Argonne National Labs outside Chicago. Howard is building a section of that. It did not come about as a result of set-aside funding for minorities. We competed in the mainstream, and we got the largest grant of the collaborative access teams from the Department of Energy.

Secondly, very recently the Department of Education gave Howard a very special grant with Johns Hopkins in excess of \$25 million to develop new ways and new frameworks for teaching young children in grades K through 12. I expect this to be a landmark research project in which we would be able to enter into the urban schools and try to find exceptionally different ways to be more effective in educating those children.

AFFECTS OF DISTRICT OF COLUMBIA'S FINANCIAL CONDITION

Mr. STOKES. Let me ask you another question. It was touched on earlier in a little different way. You were asked about any financial ties you have with the District of Columbia. My question is a more general question in terms of what is occurring in the District of Co-

lumbia today. If you can, tell us how what is happening in the District of Columbia in any manner affects Howard University.

Dr. LADNER. Well, sir, it affects us in a number of ways. I think that many of us District residents are deeply concerned and would like to assist in trying to find solutions to the problems of the District. In one way, it affects our hospital, for example, because we treat a large number of patients whose care is uncompensated, so that any diminution in Medicaid reimbursements will have an impact on us.

But aside from that, we want to work very closely with Congresswoman Norton and seek her leadership in trying to resolve the problems of the District.

So to a great extent, large institutions like Howard are tied up very closely with the fortunes or misfortunes of the District. I believe that a subsidy strategy is one that Howard would want to be very much involved in. We would like very much to play a collaborative role. Because our institutions are very closely tied to the geographical area, we could be helpful.

I will also refer this question to Dr. Charles Epps, who is the Vice President for Health Affairs.

Mr. STOKES. Dr. Epps, would you care to comment on that?

Mr. EPPS. Good morning. Thank you. The Howard University Hospital, next to the D.C. General Hospital, provides more in the way of uncompensated care to the citizens of the District than any other city hospital. Now, that's no accident. It's part of our mission. We've always taken care of patients who come to our doors, and because of our location, many District citizens seek out our services. So we have provided the services to them, and in the last year, the total amount of services was \$46 million—not an inconsequential number.

In addition, we have training programs at the city hospital that also would be impacted if something happened to the hospital—for example, closure. We are working with the officials of the District as they strive to find some solutions for the hospital problems, and as you know, there have been various reports which have advocated downsizing the hospital so that it would have fewer beds than it operates today. But we're very much involved in that process.

Mr. STOKES. Thank you, Mr. Chairman. I yield back to you.

Mr. PORTER. Dr. Ladner, I have five more questions I'm very anxious to have you answer on the record and other questions for the record, and after I ask the various questions I have, I'll yield back to Mr. Stokes, and he can continue.

ATTRITION

Dr. Ladner, you talked a minute ago about enrollees closing the gap of the national average on standardized tests, which is a very encouraging trend. However, attrition at the University still remains quite high. I understand that the graduation rate of students six years from first enrollment remains at about 60 percent. Is that figure accurate, and how does it compare with comparable research universities with the trend over time, and should we be concerned about it?

Dr. LADNER. I think the figure is accurate, but the University has taken certain corrective actions to try to make certain that we increase the retention rate as rapidly as possible. We've studied the problem very carefully. We know that our number one problem in maintaining our students is a financial one. We are undercompensated for needs-based scholarship assistance, for example, so that this year we voted to try and raise more money for needs-based assistance for students. I should say that the average amount of need that our students have after they receive a financial aid package from Howard is still quite excessive. That has a lot to do with the income backgrounds from which they come.

We also have a 3-year grant from two charitable trusts to carry out a well-designed program that will increase retention. I can certainly offer more information for the record, but suffice it to say that this project will allow us to track every student as they enter. No one falls through the cracks, in effect.

But the major, major problem is financial, and we are trying to address that as quickly as possible.

Mr. JORDAN. Mr. Chairman?

Mr. PORTER. Mr. Jordan?

Mr. JORDAN. May I please beg need to depart? My pro bono clock is running out of time. So if you would be so kind as to excuse me.

Mr. PORTER. You certainly may, but let me say that we were delighted to have you here, and you certainly gave eloquently a perspective for us that adds immeasurably to our understanding and knowledge, and we appreciate your testimony this morning.

Mr. JORDAN. Thank you, Mr. Chairman. Thank you, Congressman Stokes.

Mr. STOKES. Thank you, Mr. Jordan.

DECLINING ENROLLMENT

Mr. PORTER. Dr. Ladner, the enrollment at Howard has been declining for some time. I understand the decline is due in part to the foreign student surcharge, but the numbers were coming down prior to that and I suspect will not rebound to the 12,000 figure in 1990, when the surcharge was initiated. Is the decline part of a strategy to refocus and downsize the University? Should we be concerned about it, and how do you and the Board intend to deal with it?

Dr. LADNER. I think we have seen a stabilization of our enrollment. Our spring figures look very good, especially for those students who have been able to pay all of their fees. For a number of years, we depended heavily upon the foreign students. Historically at Howard, since the 1800s, there has been a significant number of foreign students coming to the institution. But once the surcharge was imposed, we lost a substantial number of students, and they tended to be among our better students. Now that it has been lifted, we expect that the fall class will certainly yield a very large increase in international students, especially at the undergraduate level. We've spent a lot of time recruiting in that area.

I'd now like to have Mr. Jarvis, Vice President for Fiscal Affairs, speak more to this issue.

Mr. JARVIS. The foreign student surcharge, when it was implemented in 1990, did yield additional incremental revenue; however,

as the enrollment of funds for international students declined, that marginal increment became less. So the foreign student surcharge for last year yielded a very marginal amount of income.

Mr. PORTER. Would you say it was, then, a mistake in policy, looking back on it?

Dr. LADNER. I would say so, because I think that over a five-year period we lost a lot of ground. It not only brought down our overall enrollment, but I would say that it affected quality as well.

I think the other thing is that our training of foreign students has yielded enormous benefits to this Nation, because they go back to their own countries where many of them take on the same type of leadership roles in their countries that one finds our graduates in America have taken on, and they become very, very good friends of the United States. So I've always seen it as the best form of foreign aid possible.

ENDOWMENT

Mr. PORTER. The endowment was established in part to help Howard achieve independence of the annual Federal appropriations. Nevertheless, the funding history of Howard has been one of persistent growth. Specifically, since the endowment appropriation was first provided eight years ago, Howard appropriations have grown by 20 percent. The budget request states that the Administration's long-term goal is to improve Howard University's financial strength and stability and reduce its dependency on direct Federal financial assistance. Does the Department or the University have in place a plan with specific appropriations targets for the regular program endowment to achieve that goal?

Dr. LADNER. I'll let Ms. Christensen speak for the department.

Ms. CHRISTENSEN. Mr. Chairman, for the out years, we have proposed level funding.

Mr. PORTER. When you say "the out years," what does that mean? The next few years?

Ms. CHRISTENSEN. For the next few years.

Mr. PORTER. But do you have a strategic overall plan that would lead to independence in the long term? Has that plan been developed?

Ms. CHRISTENSEN. We do not have a specific plan. We have talked to Howard in the past about doing that and working on it, but we have not really—

Mr. PORTER. Do you think that's a good idea?

Dr. Ladner, do you think that's a good idea?

Dr. LADNER. I should say, Mr. Chairman, that we have talked with the Department, that we have increased our endowment as rapidly as possible. As we've indicated here, we're also trying to diversify as quickly as possible the number of sources from which we receive funds. For example, in the summer term, we will begin a very aggressive satellite educational program.

But I think it will take time. We do not foresee the time when it will not be necessary to have a Federal appropriation, barring the Congress giving us a one-time allocation of \$2.5 billion and turning us loose.

HOWARD UNIVERSITY HOSPITAL

Mr. PORTER. Dr. Ladner, the subcommittee provides roughly \$30 million annually for the operation of the Howard University Hospital. The authorizing law which transferred the hospital to Howard in 1961 listed as one of its goals that the Howard University Hospital facility shall become aggressively more self-supporting. In fact, since the first appropriation of \$3.9 million in 1964, the appropriations have grown by a factor of more than 7.5.

The history of appropriations is one of stable funding from year to year, with occasional one-year bursts in funding—for example, in 1991, when the appropriations grew by 35 percent over the previous year. Federal appropriation as a percentage of total hospital expenditures has increased since 1989 to over 13 percent. It appears, then, that the hospital is becoming more, not less, dependent on Federal appropriations. Does the University or the Department have in place a plan with specific appropriations targets to achieve the goal of less dependence on Federal appropriations?

Dr. LADNER. Yes, we do, and I will turn that question over to Dr. Epps, Vice President for Health Affairs.

Mr. EPPS. Thank you.

Mr. Porter, the enabling legislation that made that appropriation possible stated that there would be a gradual assumption of these obligations by the hospital, and we've attempted to do that. In 1973, for example, the Federal appropriation amounted to 63 percent of our operating costs. Now, that has gradually decreased over the years. As a matter of fact, in 1994 the Federal appropriation only accounted for 16 percent of our operating costs. So we've actually reduced our dependency upon that.

Mr. PORTER. Yes, but it's gone up since 1989, I believe.

Mr. EPPS. In 1989 it was down to 12.3 percent. But several things, of course, have been happening in that time, and part of it has been that the hospital has been providing uncompensated care for patients who don't have the ability to pay for their services. As I stated earlier, just last year the amount of uncompensated care for patients who could not pay their bills amounted to \$46 million. So that while the appropriation was \$29 million, uncompensated care or our bills that could not be paid by our patients amounted to \$46 million.

Mr. PORTER. But the question is, do you have a plan to move gradually away from dependency?

Dr. LADNER. Well, we have an extensive plan that we have currently under way, but I think that this is part of a larger problem. Last week Secretary Shalala came to speak to our students, for example, and this question was put to her by one of them, and what she said was that medical teaching facilities and hospitals all over the Nation face a set of unique problems because managed care competition has entered into the arena, and we are not able to compete.

So that if we look at the other teaching hospitals in the Washington metropolitan area, while they may not be as effective as Howard, they are all struggling, they are all having great difficulty, and we are exploring a number of options. Number one, we are setting in place very shortly a community-based board that will have the

oversight for the hospital and ultimately report to our Board of Trustees. We are looking at as many cost-reduction mechanisms as possible.

But I think that so much of this is externally driven through the changes in the health care industry, and whatever solution comes to Howard will not be unique. I think we're going to have to look at the more global picture.

Mr. PORTER. I certainly agree with that and believe that the squeeze on teaching hospitals will be even more severe in the future. Some teaching hospitals are looking to merge or provide networks with other teaching hospitals. That may be one of the options that Howard ought to look at.

Dr. LADNER. That is one of the options, sir, that we are looking at.

RESCISSIONS

Mr. PORTER. My last question. Last week the full Appropriations Committee approved two small rescissions in the Howard appropriations—\$1.8 million in the academic program and \$2.5 million for a law school clinic. First, how has the funding been spent to date, and what would be the consequences if these rescissions were ultimately enacted into law?

Dr. LADNER. I'd like to ask Mr. Jarvis to respond.

Mr. JARVIS. Thank you.

We included the additional Federal appropriations that were provided for in the 1995 appropriation in our budget to fund academic programs. To date, a certain amount of that money has been spent. But the entire amount was budgeted and attached to specific programs, so to the extent that it is rescinded, budget adjustments will have to be made, probably with some difficulty.

In terms of the \$2.5 million we have remaining of a construction appropriation that is outstanding, and we had also tied that appropriation to specific projects. So to the extent that that is rescinded, we will have to review those projects. The \$4.5 million that was provided for the clinical law center was provided as an endowment. We have drawn that endowment down, and we have invested in our endowment pool to generate income to partially support the operation of the clinical legal center.

Mr. PORTER. Thank you, Mr. Jarvis. Thank you, Dr. Ladner.

Mr. Stokes?

RESEARCH I INSTITUTIONS

Mr. STOKES. Thank you, Mr. Chairman.

Dr. Ladner, tell me whether I'm correct or not. It's my understanding that Howard University is the only historically black college or university that is in the Research-I category. Is that correct?

Dr. LADNER. That's correct.

Mr. STOKES. Tell us what that means, to be so ranked.

Dr. LADNER. Research I institutions are those institutions that are considered to have the capacity to do research at the highest level of quality and competitiveness in the Nation. It also infers that one has a—well, let me read directly from the Carnegie classification for Research I institutions: "These are institutions that

offer a full range of baccalaureate programs, are committed to graduate education through the doctorate, and give high priority to research. They award 50 or more doctoral degrees each year."

Mr. STOKES. I would imagine this is based upon the high ranking given to the research at this university.

Dr. LADNER. Right.

ACADEMIC PROGRAM

Mr. STOKES. The fiscal year 1996 budget request includes \$158 million for the University's academic programs, and this funding level is the same as the fiscal year 1995 appropriation. In addition, the rescission bill includes a \$1.8 million cut for the academic programs, which was just referred to in the last question. Programmatically, tell us to what extent has the University's academic program been enhanced and strengthened over the past, say, five or ten years.

Dr. LADNER. I would say that the reason we are ranked now as a Research I university is because we have taken great measures to strengthen our academic programs. Our programs are subject to ongoing external review. We have recruited some of the most highly regarded faculty at many of our schools and colleges, especially research faculty, but also a very, very well respected teaching faculty. I would say that our faculty is as competitive as many great faculties of this Nation.

I would also say that one evaluates the quality of education that students receive by the kind of placement they get in their first job and other positions, but also by the kinds of graduate schools and special schools to which they're admitted. We, have in the last few years, had semi-finalists for the Rhodes Scholarship. We've had students intern in the White House for several years. They have served in internships in embassies abroad during the summer. They're all over the Hill and probably in your office and others. But they also enter in large numbers, Harvard and Yale Law Schools, for example. Our students are said by recruiters to be some of the most sought after, whether they're in business or in engineering or whatever.

Overall I would say that the University has made tremendous strides, and it is indicated in the hard data that we have to show in terms of our graduates, as well as the quality of the faculty we have, the quality of the research, the quality of the teachers, and the awards they receive.

I should just parenthetically say here that Dr. LaSalle Leffall, who chaired the surgery department, who is retiring this year, was just named to be President of the American College of Surgeons. There's no more prominent title that anyone could receive, so that is an indication of the quality of the work that's being provided at Howard.

HOWARD 2000 INITIATIVE

Mr. STOKES. According to the congressional justification, the fiscal year 1996 budget request will continue enabling the University to reach its Howard 2000 objectives. Can you highlight for us some of the major objectives emphasized in the Howard 2000 initiative,

and give us some idea of how progress will be measured under the Howard 2000 initiative?

Dr. LADNER. Howard 2000 was introduced when Dr. Franklyn Jenifer, my predecessor, came to the University, and there was a very thorough evaluation of all of our academic programs. As a result of the work of a faculty commission, as well as some alumni and other outside members of that task force, we implemented a host of recommendations. We closed one college, consolidated faculties, eliminated some majors—in other words, we downsized some of our academic programs, all with the idea of strengthening and enhancing quality.

We also tried to build on our strengths, and one is in the international arena. We established a Center for International Affairs. We also enhanced our program in education, our program in the fine arts, our program in science. I would say that we would not have the advanced photon source Department of Energy grant today had we not placed more emphasis on the rigors of doing scientific research.

Now, insofar as bench marking our success with Howard 2000, on more than an annual basis, on a periodic basis, probably two or three times a year, we go back and assess the objectives of Howard 2000, and we've essentially closed the books on implementing any new recommendations of Howard 2000. Those that we placed in a deferred category are those that require new technology building, and we do not have the resources to buy a new research center building. But on all of the others we have done very, very well.

ENROLLMENT TRENDS

Mr. STOKES. This Subcommittee has recently heard testimony that while historically black colleges and universities make up only 3 percent of all American universities or institutions of higher education, they graduate 34 percent of all African-Americans with Bachelor's degrees. Can you tell us what has been the trend in student enrollment, retention, and graduation over the last 10 years at Howard University?

Dr. LADNER. Our problem of retention has been one that we have worked on, and that is increasing the number of students who stay at the University and who graduate in as short a period of time as possible. As you are perhaps aware, Mr. Congressman, the national rate on graduation now is closer to six years than the four when you and I were in college. Howard has a three-year program, initiated with a grant from the two charitable trusts, to track all of the entering students, to advise them with counseling and guidance, to in effect, as I told the Chairman, allow us to keep them from falling through the cracks.

But our biggest problem and our greatest barrier has been the undercapitalization of needs-based financial aid for our students. Therefore, we have instituted this year a very vigorous campaign to raise more funds from our alumni, from as many sources as possible, to increase the amount of money that we are able to provide to students in work study on a needs-based basis. I think that will help us significantly. Many, many of our students must work part-time jobs, and I think it does have a long-term impact on retention.

Mr. STOKES. I have just one more question, Mr. Chairman, and then I want to just make a comment, then and I'll conclude.

DIRECT STUDENT LOAN PROGRAM

Dr. Ladner, the Direct Student Loan program is a streamlined student loan system that is designed to replace the Federal Family Education Loan program, formerly known as the Guaranteed Student Loan program system. It was initiated during the 1994-1995 academic year. To what extent is the University participating in this program?

Dr. LADNER. Mr. Chairman, the University has committed to begin its participation one year hence, and by that time we will have all of our infrastructure systems, relational data base, et cetera, fully installed.

Mr. STOKES. Thank you.

CLOSING REMARKS

Let me, just in closing, make a couple of observations. I'm pleased to see at the table today Dean Henry Ramsey, who is generally known and respected as one of the top scholars in the country. He brings not only that prestige to Howard's law school, but has done an enormous job of bringing this law school back to the fore in terms of its historical position it formerly held in this country. It's a pleasure to see him, along with your Board Chairman, Mr. Wayman Smith, who happens to be one of America's top corporate executives, serving with Anheuser-Busch Company, in a position that makes him one of the highest-positioned African-Americans in the country. Also I am pleased to see Board Member Reverend Dr. Thaddeus Garrett, who is not only a graduate of the School of Divinity at Howard, but a former associate and counsel to President Bush when he was in office. It's a pleasure to see that type of support here for Howard University.

Just in closing, Dr. Ladner, I want to say, as the Interim President, we think you're doing an outstanding job, and you've done a good job here today. It's been a pleasure to have you.

Dr. LADNER. Thank you.

Mr. STOKES. Thank you, Mr. Chairman.

Mr. PORTER. Thank you, Mr. Stokes.

I want to echo the comments of my colleague from Ohio. Dr. Ladner, you're doing a wonderful job at Howard University. We very much appreciate the testimony that you've provided to us today and the articulation at the beginning by yourself and by Mr. Kemp and Mr. Jordan of the reasons why Howard commands our ongoing support, and we have additional questions for the record. We would ask that you answer those questions, and we appreciate very much your coming here to testify. Thank you very much.

Dr. LADNER. Thank you, sir. We appreciate the opportunity to testify.

[The following questions were submitted to be answered for the Record:]

GRADUATION RATES

Mr. Porter. Your figures show that in terms of academic achievement, Howard enrollees have been closing the gap with the national average on standardized tests. That seems to me an encouraging trend. However, attrition at the University still remains quite high. I understand that the graduation rate of students six years from first enrollment remains at about 60 percent. How does that figure compare with comparable research universities?

Dr. Ladner. As the table below indicates, the average six-year graduation rate of Howard's students was 41 percent. Although this compares favorably with one of our peer schools, it is significantly below that of the others. We anticipate improvement in this area.

	Graduation Rate (1983-'86 Average)
Boston University	68%
Emory University	83%
Georgetown University	90%
Howard University	41%
Temple University	44%
Tulane University	68%

FOREIGN STUDENT SURCHARGE

Mr. Porter. Dr. Ladner, in 1990, Howard initiated a student surcharge of one-third which was raised to 50 percent in 1992. Over that period, foreign student enrollment has decreased from 1,608 to 842, a 48 percent decline. One can assume then, that the surcharge has produced a small net revenue gain to the University. One can also assume, net revenue loss for two reasons: First we can expect a certain lag time between the policy change and increase in foreign student enrollment, and second, the historic trend of declining enrollment suggests that foreign student enrollment will not return to where it was in 1990. The budget suggests that the Department's role is to support American students at Howard and that lifting the surcharge is not reasonable justification for an increase in federal funding.

What is the status of the foreign student surcharge, and do you agree with the Administration's position on it?

Dr. Ladner. The foreign student surcharge was rescinded on January 6, 1995. The University understands the Administration's position.

ENDOWMENT MATCHING GRANT

Mr. Porter. In 1984, Congress authorized a one-time expenditure of \$2 million for an endowment matching grant. This authority, which set specific terms for endowment appropriations, expired in 1987 when Congress appropriated the \$2 million. However, since

then, Congress has appropriated endowment funding under the general authority enacted in 1928. Does the Department of Education intend to send up authorizing legislation to deal specifically with the Howard endowment program?

Mrs. Christensen. The Department in the past has proposed specific endowment legislation on which the Congress did not act. Meanwhile, the current general Howard authority is adequate authorization for any endowment funding.

UNIVERSITY LONG-TERM PLAN

Mr. Porter. The endowment was established in part to help Howard achieve independence of the annual Federal appropriation. Nevertheless, the funding history of Howard has been one of persistent growth. Specifically, since the endowment appropriation was first provided eight years ago, Howard appropriations have grown by 20 percent.

The budget request states that, "The Administration's long-term goals to improve Howard University's financial strength and stability and to reduce its dependency on direct federal financial assistance." Witnesses indicated in oral testimony that neither the Department nor the University have developed a strategic plan, with specific appropriations targets for the regular program and the endowment, to achieve that goal. Why hasn't such a plan been developed and do you intend to develop such a plan in the future?

Dr. Ladner. I am not aware of a plan with specific appropriation targets. It should be noted that the Federal appropriation, as a percentage of total revenues, has declined from 63.2 percent in 1989 to 45.4 percent in 1995.

HOSPITAL LONG-TERM PLAN

Mr. Porter. Dr. Ladner, this Subcommittee provides roughly \$30 million annually for operation of the Howard University Hospital. The authorizing law which transferred the hospital to Howard in 1961 listed as one of its goals that, "the Howard University Hospital facilities shall become progressively more self-supporting." Does the University or the Department have in place a plan with specific appropriations targets to achieve the goal of less dependence on federal appropriations? If so, please provide a copy of that plan for the record.

Dr. Ladner. No. I am not aware of a plan with specific appropriation targets to reduce the dependence of the hospital on the Federal appropriation. The University's financial planning models assume the permanence of the Federal appropriation for the Hospital in real dollar terms.

ENDOWMENT MATCH

Mr. Porter. Has Howard already matched all previous endowment appropriations,

including the 1995 appropriation? Please provide specifics.

Dr. Ladner. The University has matched all Federal endowment appropriations in the period 1985-1993.

ENDOWMENT WAIVER

Mr. Porter. The Secretary has the authority to allow Howard to waive restrictions on the use of its endowment during periods of emergency. Has the Department ever exercised this authority and if so, has the money been repaid to the endowment?

Dr. Ladner. The Education Department has never exercised this authority, nor has the University requested a waiver.

Mr. Porter. Does management or the board anticipate such authority will be necessary in the future and under what specific circumstances would it be necessary?

Dr. Ladner. Neither management nor the Board anticipates requesting the use of this authority.

RESEARCH APPROPRIATION

Mr. Porter. The appropriation for research at Howard supports the Faculty Research Support Grants Program which provides grants of \$45,000 to \$50,000 to faculty members. How much funding will be devoted to this program in 1995 and 1996?

Dr. Ladner. Howard anticipates a substantial increase in research applications submitted to external sponsors in fiscal year 1995 and fiscal year 1996. The University will, therefore, designate approximately \$2.5 million in each of these years to provide the requisite research infrastructure and to encourage, support, and promote faculty research.

HOSPITAL OPERATING DEFICIT

Mr. Porter. Page Q-19 of the budget document lists percentage of hospital revenue by category including "Patient services uncollectible" which represent 17.5 percent of revenue in 1995 and 18.3 percent of revenue in 1996. These figures seem to suggest a substantial operating deficit. Please explain these figures as well as how you treat the deficit.

Dr. Ladner. "Patient services uncollectible" represents health care services provided to the medically indigent and individuals who are unable to pay for their health care. During the last several years, the hospital has been providing uncompensated care at the level of \$45 to \$50 million per year. While a portion of the cost of these services is offset by contributions, the outstanding debt yields an operating deficit. Currently the hospital deficit is \$43 million.

Howard University has developed and implemented a vigorous program to address the operating deficit. The principal components are an expense reduction program and a revenue enhancement program. Among the strategies being employed are a restructuring program, which has eliminated 185 positions from the work force. Another 143 unfilled positions have been eliminated. A furlough program for faculty, as well as administrative and service employees, a program to reduce and monitor overtime, restriction of travel, and an early retirement program will achieve additional savings in the short term. For the long term the program makes changes in the handling of inventory, billing, and collection policies, and a review of consultant contracts that should bring additional savings. These strategies will reduce the operating deficit by \$8 million during fiscal year 1995. Continuation of these programs and others should position the Hospital to break even in fiscal year 1996.

Mr. Porter. On that same page [Q-19], the request indicates a dramatic decline in revenues from the District of Columbia (Medicaid and medical charities). The table shows revenues of \$45 million in 1994 and \$40 million in 1995, a drop of 12 percent. What accounts for this drop, and how has the hospital responded?

Dr. Ladner. A number of D.C. Medicaid cases have shifted to managed care at reduced payment levels. Payments under the D.C. Medical Charities program have been substantially reduced over the past two to three years. Howard University Hospital's paid D.C. Medical Charity Cases were 203 in 1993, 124 in 1994, and 157 in 1995 as of December 1994.

In the interim the Hospital has made application to and been accepted as a provider by Prudential and other HMO organizations who have panels of Medicaid patients. Moreover, we are in the process of collaborating with four other District of Columbia hospitals who are heavy Medicaid providers in an effort to develop a hospital-controlled managed care organization that will permit these five hospitals to collectively bid for and provide services to Medicaid patients. These patient-care activities should generate funds to restore the hospital to previous Medicaid payments levels.

INSTITUTIONAL SUPPORT AND PUBLIC SERVICE

Mr. Porter. In 1994, Coopers & Lybrand audited the University's combined financial statements. An attachment to that report entitled "Comparative Budget Summary" list expenditures of \$14.6 million for public service and \$55.7 million for Institutional Support (as distinct from operation and maintenance of plant). Please explain these figures.

Dr. Ladner. The following allocations represent expenditures by administrative departments:

The \$14.6 million expenditure includes:

\$2.587 million for the radio station (WHUR-FM)

\$3.578 million for the public television station (WHMM-TV)
 \$3.005 million for the Howard University Hotel
 \$0.460 million for other
 \$1.510 million for staff benefits allocated to public service
 \$3.475 million for restricted expenditures.

The \$55.7 million under Institutional Support includes expenditures for the administrative functions such as information services, human resources, general counsel, business and fiscal affairs, student affairs, and security. Also included are general university expenses such as SFAS 106 post-retirement benefits, insurance, allowance for accounts receivable, and auditing expenses.

PROVISION FOR SAVINGS

Mr. Porter. That same document shows a negative expenditure entitled "Provision for Savings". Please explain this entry.

Dr. Ladner. The \$9.6 million entry reflect the University's budget savings to reduce the deficit. Specifically, the University expects to realize the following savings:

\$6.0 million through workforce restructuring
 \$0.4 million through implementation of an early retirement plan
 \$0.6 million through the voluntary "Give-Back" program
 \$1.3 million from asset sales (net proceeds)
 \$1.3 million from plant fund reserves

CAPTIVE INSURANCE COMPANY

Mr. Porter. The notes accompanying the Coopers & Lybrand audit indicate that the Howard University Hospital has a 50 percent ownership interest in an insurance company organized under the laws of the Cayman Islands. Please explain this investment and the justification for the location of this enterprise.

Dr. Ladner. Howard University Hospital has a 50 percent ownership (with Georgetown University) of a captive insurance company organized under the laws of the Cayman Island. This provides an additional layer of insurance coverage above \$25 million annually. The purpose of this insurance company is to provide to the hospital the maximum amount of malpractice insurance at the most reasonable and efficient cost. At the time the company was formed, this was the most feasible way to meet this purpose in the time frame required. In 1994, the hospital reviewed various insurance coverage alternatives, but found that the Cayman company still provided the best coverage at the most reasonable cost.

POST-RETIREMENT BENEFITS

Mr. Porter. The notes that accompany the Cooper & Lybrand audit indicate on page

30 that Howard University has an unfunded post-retirement benefit plan with no assets or with non-benefit liabilities. Please explain this benefit plan and its fiscal status.

Dr. Ladner. In 1994, the University adopted the Statement of Financial Accounting Standards No. 106, Employers' Accounting for Postretirement Benefits Other Than Pensions, which changed the University's method of accounting for post-retirement benefits from a cash basis to an accrual basis, requiring the recognition of the cost of the benefits over an employee's years of service. The standard requires recognition of cost only. Funding is not required.

INSURANCE COVERAGE: RELATED PARTY TRANSACTIONS

Mr. Porter. Page 33 of the notes accompanying the Cooper & Lybrand audit indicate that "Portions of the University's insurance coverage were purchased through an insurance brokerage agency in which a Trustee of the University is an officer." It further states, "One of the managing underwriters of the District of Columbia Series 1992 A revenue bond offering employs an officer who is a trustee of the University and is the custodian of University short-term investments with an approximate cost basis of \$9,516,000." Does the University believe these related-party transactions merit investigation, and what action has the University taken in response to the Coopers & Lybrand report?

Dr. Ladner. The University's disclosure of these related party transactions meets all financial reporting standards.

PERMANENT RESIDENT ENROLLMENT

Mr. Porter. Please provide a table for the record for the years 1988 to 1995 indicating the number of non-U.S. citizens attending Howard, but not subject to the foreign student surcharge.

Dr. Ladner. The table is as follows:

1988-89	507
1989-90	472
1990-91	500
1991-92	511
1992-93	576
1993-94	621
1994-95	630

SELECTION OF NEW PRESIDENT

Mr. Stokes. Dr. Ladner I would like to compliment you on the leadership you have shown as interim President of Howard University. You are doing an outstanding job. How long has the position of President of Howard University been vacant?

Dr. Ladner. Mr. Stokes, my appointment as Interim President began May 14, 1994. I have occupied this position for 10 months.

Mr. Stokes. How close is the University to selecting a President?

Dr. Ladner. The appointment of a permanent President should be completed by June, so that a permanent President will be in place for the 1995-1996 academic year, which begins on August 28, 1995.

MAJOR REORGANIZATIONS

Mr. Stokes. As Interim President, have you implemented any major reorganizations, and if so, what were they? Are there any major reorganizations underway or planned, and if so, explain.

Dr. Ladner. Mr. Stokes, I have initiated efforts to strengthen the University's performance in a number of important areas. First, I changed the University's policies regarding the use of facilities. Those policies had not been reviewed in nearly ten years and they made the University vulnerable in many ways, especially when it came to the use of Howard University facilities by outside groups. We revised the fee structure, which was lagging seriously behind those of our sister institutions in the area; we streamlined and centralized the application process; and most of all, we established new and more stringent guidelines for use of our facilities by both student and community groups. All this has had very salutary results throughout the current academic year.

Budgeting was another major initiative that we undertook. We declared a moratorium on spending, froze hiring, reduced budget estimates for the next year, and closed two residence halls.

Re-engineering was a third major restructuring. We eliminated nearly 400 positions from the University's administrative staff and approximately 200 positions from the Hospital. This "down-sizing," as it is known, required a major overhaul of the University's major units in order to be able to continue providing services. Indeed, I have insisted on improved services, especially services to students, despite lower personnel levels. Functions and responsibilities had to be re-defined throughout the University. I am pleased to say that re-engineering has worked well. So also has our registration system, which underwent a major overhaul during the year. Without boring you with details, I will say simply that we put the University on a cash basis, requiring all students to have their financial obligations up-to-date as a precondition for registering for the next semester. As the University had not been aggressive in the area of fee collection for a number of years, this change involved a good deal of trauma at first; first semester registration actually declined slightly because a number of students did not comply with our new policy. However, for the first time in years we had a slight increase in second semester registration because students knew they would not be able to register for the next semester if their financial obligations were not met.

Finally, the University is accelerating the use of technology in several major areas, including enrollment management and student registration. This initiative is ongoing and will ultimately affect practically all areas of administration, especially such student services as housing, meal plan enrollment, and pre-registration. Security will also be enhanced, with new systems enabling us to make facilities available on a wider basis and during longer hours for study and research. This type of reorganization brings Howard University into line with our sister institutions in higher education. These are some of the major areas of reorganization occurring during the present year.

HOWARD CONSTRUCTION

Mr. Stokes. The FY 1995 budget included a one time appropriation of \$5 million for construction. The current rescission bill proposes to cut the funding by \$2.5 million. What would be the impact of this reduction?

Dr. Ladner. The \$2.5 million rescission for construction would result in a partial or complete deferral of the University's fire and safety plan.

STUDENT ENROLLMENT

Mr. Stokes. The Committee heard testimony that while historically Black colleges and universities make up only 3 percent of all American institutions of higher education, they graduate 34 percent of all African Americans with bachelor's degrees. What has been the trend in student enrollment, retention, and graduation over the last ten years at the University.

Dr. Ladner. As the table below shows, since the academic year 1988-1989, there have been slight decreases in overall enrollment from year to year. Howard's retention rate increased from 42.2 percent for the entering class of 1982 to 52.8 percent for students entering in 1988 (see table below). The University has implemented a number of programs to improve this rate, and is very optimistic about the outcome. The graduation rate has increased progressively for almost all of the entering classes since 1982. The general trend indicates continued increases in this rate.

Academic Year	Headcount Enrollment
1984-85	12,593
1985-86	12,277
1986-87	12,114
1987-88	11,865
1988-89	12,773
1989-90	12,506
1990-91	12,299
1991-92	11,941
1992-93	11,919
1993-94	11,839

Retention Rate¹

1982	42.2%
1983	46.1%
1984	45.1%
1985	48.9%
1986	50.5%
1987	56.0%
1988	52.8%

Graduation Rate¹

1982	35.3%
1983	39.3%
1984	40.0%
1985	43.2%
1986	44.4%
1987	49.3%
1988	43.9%

¹ These figures reflect average 6-year retention and graduation rates for cohorts beginning their educations in the years specified.

TUESDAY, MARCH 7, 1995.

**SPECIAL INSTITUTIONS FOR PERSONS WITH
DISABILITIES**

WITNESSES

JUDITH E. HEUMANN, ASSISTANT SECRETARY FOR SPECIAL EDUCATION AND REHABILITATIVE SERVICES
RAMON F. RODRIGUEZ, LIAISON OFFICER, OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES
SALLY H. CHRISTENSEN, DEPUTY ASSISTANT SECRETARY FOR BUDGET
CAROL CICHOWSKI, DIRECTOR, DIVISION OF SPECIAL EDUCATION, REHABILITATION, AND RESEARCH ANALYSIS, BUDGET SERVICE
TUCK TINSLEY III, PRESIDENT, AMERICAN PRINTING HOUSE FOR THE BLIND
I. KING JORDAN, PRESIDENT, GALLAUDET UNIVERSITY
JAMES J. DECARO, DEAN AND INTERIM DIRECTOR, NATIONAL TECHNICAL INSTITUTE FOR THE DEAF
WENDELL S. THOMPSON, ASSOCIATE DIRECTOR, NATIONAL TECHNICAL INSTITUTE FOR THE DEAF

CONGRESSWOMAN SLAUGHTER—STATEMENT ON NTID

Mr. PORTER. The subcommittee will come to order.

Our next panel is on special institutions. We are pleased to welcome our colleague from New York, Louise Slaughter, who has been waiting very patiently for us, and we're going to let you proceed.

Ms. SLAUGHTER. Thank you very much, and I'm delighted to be here this morning. I appreciate the opportunity to address you.

I came in this morning because two of my constituents are here. They represent an institution I think is very special, the National Technical Institute for the Deaf (NTID) in Rochester. Dr. James DeCaro is the Dean and Interim Director of NTID, and Mr. Wendell Thompson is the Associate Director and has been visiting this committee representing NTID for many years.

I'm very proud of this institution, and I'm going to be very brief about it, but I want to make a few comments. NTID has achieved tremendous success in preparing deaf people to enter society and the workplace and to compete on par with their peers who are not hearing impaired. A recent IRS study, which we all know and love, has verified NTID's claims of success. NTID graduates are shown to earn 93 percent of what their hearing peers earn, while the national average for hearing impaired is just 72 percent. So NTID education raises that 21 percent. The NTID grads pay back the Federal investment in their education at least 10 times in taxes alone.

Employment rates among NTID graduates are so high that 95 percent are employed directly after graduation, and the employ-

ment rate rises to 98 percent 10 years after graduation. NTID graduates work in good jobs. Eighty percent of all NTID grads are employed in business or industry. Clearly, it has an impressive record of success.

In recent years, NTID has responded to the same need to improve efficiency and to do more with less that all Government institutions are facing. They have restructured, they've streamlined their administration, they've reallocated resources to direct services to students. In addition, they have undertaken a plan to reduce their work force by a full 10 percent as a result of both strategic planning and the level funding recommended by the President in his fiscal year 1996 budget.

Mr. Chairman, I'm concerned that further cuts would place this rational and thoughtful reengineering process in jeopardy. I urge the committee to reconsider the NTID rescission when it is reviewed in conference and to maintain the level funding that the President is recommending.

Again, I thank you very much for the opportunity to appear before the subcommittee, and I would be happy to have Dr. DeCaro and Mr. Thompson speak for themselves, unless there are any questions you have of me.

[The prepared statement of Rep. Louise Slaughter follows:]

Testimony before Appropriations Subcommittee on
Labor/HHS/Education
National Technical Institute for the Deaf
Rep. Louise Slaughter

March 7, 1995
Labor/HHS Subcommittee Room
Rayburn 2358

Mr. Chairman and members of the committee, I appreciate the opportunity to appear before you today to present two constituents from the National Technical Institute for the Deaf, in Rochester, New York. Dr. James DeCaro is the Dean and Interim Director of NTID, replacing Dr. William Castle, who some of you may recall. And Mr. Wendell Thompson is the Associate Director, and has been visiting this committee representing NTID for a number of years.

I wanted to join you this morning because I am so proud and supportive of NTID -- a college that has achieved tremendous success in preparing deaf people to enter society and the workplace, and compete on a par with their peers who hear.

A recent IRS study has verified NTID's claims of success. NTID graduates were shown to earn 93% of what their hearing peers earned; while the national average for deaf people is just 72%. And NTID grads pay back the federal investment in their education: at least ten times that investment, in taxes alone.

Employment rates among NTID graduates are also high. 95% are employed right after graduation; the employment rate rises to 98% ten years after graduating. And NTID grads are working in good jobs; nearly 80% of all NTID grads are employed in business or industry. Clearly, NTID has an impressive record of success.

In recent years, NTID has responded to the same need to improve efficiency and "do more with less" that all government institutions are facing. They have restructured, streamlined their administration and reallocated resources to direct services to students. In addition, they have undertaken a plan to reduce their workforce by a full **10%**, as a result of both strategic planning and the level funding recommended by the President in his FY 1996 Budget.

Mr. Chairman, I am concerned that further cuts would place this rational and thoughtful re-engineering process in jeopardy. I urge this committee to reconsider the NTID rescission, when it is reviewed in conference, and to maintain the level funding request contained in the President's budget.

Again, I thank you for the opportunity to appear before the subcommittee. I will let Dr. DeCaro and Mr. Thompson tell you more about this invaluable institution and its progress.

Mr. PORTER. Dr. DeCaro, let me say that if you have Louise Slaughter on your side, you're in the best possible place you can be.

Ms. SLAUGHTER. Thank you very much.

Mr. PORTER. I think what I should do is allow the Assistant Secretary for Special Education and Rehabilitative Services to proceed, Judith Heumann, right now, and then we will go to Dr. DeCaro after she testifies.

OPENING STATEMENTS

Ms. HEUMANN. Thank you very much. It's my pleasure to appear before you on behalf of the Special Institutions for Persons with Disabilities, which include the American Printing House for the Blind, the National Technical Institute for the Deaf, and Gallaudet University. I would like to present the members who are here this morning: Ms. Sally Christensen, who is Deputy Assistant Secretary for Budget under the Office of the Under Secretary; Ms. Carol Cichowski, who is the Director of the Division of Special Education, Rehabilitation, and Research Analysis, from the Budget Service under the Office of the Under Secretary; to my left, Mr. Ramon Rodriguez, who is the Liaison Officer to the Special Institutions in my office; to his left, Dr. James DeCaro, the Dean and recently appointed Interim Director of NTID; to his left, Mr. Wendell Thompson, Associate Director of NTID; to his left, Dr. I. King Jordan, President of Gallaudet University; and to his left, Dr. Tuck Tinsley from the American Printing House for the Blind.

These institutions provide specialized programs and services to students with disabilities. The Department helps ensure that each institution provides services and programs in compliance with their governing legislation and that these activities meet the needs of the students for whom they are intended.

I am pleased to present the Department's testimony on behalf of the President's fiscal year 1996 budget for these institutions. I'd like to take a few minutes to summarize the budget request and comment on several key issues.

BUDGET REQUEST

The total budget request for the Special Institutions is \$129.7 million. This includes a request of \$6.7 million for the American Printing House for the Blind, \$43 million for NTID, and \$80 million for Gallaudet. The requests for each of the three institutions maintain overall funding at the fiscal year 1995 level. For the first time, our request combines the funds for Gallaudet's university level programs and the elementary and secondary education programs to increase the flexibility of the University to determine the appropriate mix of funding among these programs.

For the endowment matching program, our request maintains the fiscal year 1995 level of \$336,000 for NTID and \$1 million for Gallaudet. In fiscal year 1996, the institutions would be provided the flexibility to use current-year program funds to supplement the Federal funds designated for their endowment grant programs.

MONITORING ACTIVITIES

The Education of the Deaf Act—otherwise known as EDA—Amendments of 1992, which reauthorized NTID and Gallaudet University, contained a number of provisions to improve the efficiency and effectiveness of the operations of these institutions and the Department's ability to monitor and evaluate their programs.

An activity in which we have been very involved as a result of the EDA Amendments is the development of an agreement between the Department and Gallaudet University governing the operation and national mission activities of the elementary and secondary education programs at Gallaudet. I am pleased to report that we are near closure on this project.

In addition, the Department has worked very closely with the University during this past year to address issues relating to compliance by the University's elementary and secondary education programs with the EDA and incorporated provisions of the Individuals with Disabilities Education Act that relate to students who have been placed in these programs by their parents. As part of this process, the Department prepared a compliance document for the University, conducted a series of technical assistance sessions with the University's administrators and staff, and reviewed and responded to the University's written policies and procedures. The Department has planned an official on-site monitoring visit in the latter part of the spring of this year.

A further requirement of the 1992 Amendments to the EDA was for the Department and the Rochester Institute of Technology to review and assess the need for modification of the existing agreement governing the operation of NTID. We have completed that review and have determined that significant modifications are required. Our Liaison Officer for the Special Institutions, Mr. Rodriguez, has been involved in some preliminary discussions with the NTID administration and the NTID National Advisory Group to explore areas of the agreement which need particular attention.

Of specific concern and focus to the Department in redrafting an agreement for NTID is the General Accounting Office audit of the Institute which was conducted during late fiscal year 1992. GAO's final report was released in December of 1993. The report included a number of findings. NTID has taken corrective action on many of the concerns raised by GAO. These actions will be solidified in a redraft of the agreement with RIT to ensure more effective review and monitoring of the Institute.

In fiscal year 1996, the Department plans to continue to work closely with all three Special Institutions for Persons with Disabilities to ensure that Federal funds are being used efficiently and effectively to expand educational opportunities for individuals who are deaf or hard of hearing and individuals who are blind.

My colleagues and I will be happy to respond to any questions you may have.

[The prepared statement and biography of Judith E. Heumann follows:]

U.S. DEPARTMENT OF EDUCATION

Statement by

Judith E. Heumann

Assistant Secretary

Special Education and Rehabilitative Services

on

Fiscal Year 1996 Budget Request for
Special Institutions for Persons with Disabilities

Mr. Chairman and Members of the Committee:

It is my pleasure to appear before you on behalf of the Special Institutions for Persons with Disabilities which include the American Printing House for the Blind (APH), the National Technical Institute for the Deaf (NTID), and Gallaudet University. These Institutions provide specialized programs and services to students with disabilities. The Department helps to ensure that each institution provides services and programs in compliance with their governing legislation and that these activities meet the needs of the students for whom they are intended.

I am pleased to present the Department's testimony on behalf of the President's fiscal year 1996 budget for the American Printing House for the Blind, the National Technical Institute for the Deaf, and Gallaudet University. I would like to take a few minutes to summarize the budget request and comment on several key issues. Then representatives of each of the Institutions will provide specific testimony in support of the budget request for their Institutions. I would like to also take this opportunity to welcome Dr. James DeCaro, Dean and recently appointed Interim Director of NTID. Dr. DeCaro replaced Dr. William Castle who has been with NTID since it was founded and was its director for the past 17 years.

BUDGET REQUEST

The total budget request for the Special Institutions is \$129.7 million. This includes a request of \$6.7 million for the American Printing House for the Blind, \$43 million for the National Technical Institute for the Deaf, and \$80 million for Gallaudet University. The requests for each of the three Institutions maintain overall funding at the fiscal year 1995 level. The Department is pleased to be able to provide support for these important Institutions, and for the children and adults with disabilities who will benefit from their services.

OPERATIONS AND INITIATIVES

The Department's request of \$6.7 million for the American Printing House for the Blind maintains funding for operations at the 1995 appropriation level and includes \$5.9 million for educational materials; \$175,000 for advisory services; and \$410,000 for educational and technical research. In addition to funding for operations, the request includes funds to continue four special projects: the copyright initiative at \$60,000; the adaptive testing initiative at \$25,000; the math, science and geography research initiative at \$100,000; and the videotape technology project at \$60,000.

Our request of \$43 million for the National Technical Institute for the Deaf maintains operations funding at the fiscal year 1995 level and provides the Institute the flexibility to establish priorities for the use of funds among the categories of salaries and benefits, support services, auxiliary services and other areas.

For Gallaudet University, our requested level of \$80 million maintains overall funding for University operations at the fiscal year 1995 level. The request includes \$79 million for University-level programs, the Model Secondary School for the Deaf (MSSD), and the Kendall Demonstration Elementary School (KDES). For the first time, our request combines the funds for the University and the elementary and secondary education programs to increase the flexibility of the University to determine the appropriate mix of funding among these programs.

ENDOWMENT FUNDS

The Department's budget request includes \$336,000 for the endowment matching program at the National Technical Institute for the Deaf, and \$1 million for Gallaudet University's endowment. The endowment requests for NTID and Gallaudet are the same as the fiscal year 1995 appropriations for their respective endowment programs. In fiscal year 1996, NTID and Gallaudet would be provided the flexibility to use current-year program funds to supplement the Federal funds designated for their Endowment Grant Programs. The Department believes these funds help promote the financial independence of these Institutions and provide a permanent and increasing source of funds for special projects.

CONSTRUCTION FUNDS

Our request does not include funds for construction for either the National Technical Institute for the Deaf or Gallaudet University for fiscal year 1996.

MAJOR ACTIVITIES

The Education of the Deaf Act (EDA) Amendments of 1992, which reauthorized both the National Technical Institute for the Deaf and Gallaudet University, contained a number of provisions to improve the efficiency and effectiveness of the operations of these Institutions, and the Department's ability to monitor and evaluate their programs.

An activity in which we have been very involved as a result of the EDA Amendments is the development of an Agreement between the Department and Gallaudet University governing the operation and national mission activities of the elementary and secondary education programs at Gallaudet. I am pleased to report that we are near closure on this project.

In addition, the Department has worked very closely with the University during this past year to address issues relating to compliance by the University's Elementary and Secondary Education Programs with the EDA, including provisions incorporated from the Individuals with Disabilities Education Act (IDEA) that relate to students who have been placed in these programs by their parents. As part of this process, the Department prepared a document for the University which detailed the EDA and the IDEA requirements that govern the University's provision of special education and related services to parentally placed students at the Elementary and Secondary Education Programs, and which summarized the policies and procedures that the University must establish and implement to meet those requirements. In addition, we have conducted a series of meetings with the Schools' administrators and staff, to provide technical assistance and training to help them achieve compliance with these EDA requirements. We have since reviewed and responded to the University's written policies and procedures, and the Department is planning an official on-site monitoring visit in late Spring of this year.

A further requirement of the 1992 Amendments to the EDA was for the Department and the Rochester Institute of Technology (RIT)--(of which NTID is one of eight Colleges) to review and assess the need for modification of the existing agreement governing the operation of NTID. We have completed that review, and have determined that significant modifications are required. Our Liaison Officer to the Special Institutions has been involved in some preliminary discussions with the NTID administration and the NTID National Advisory Group, to explore areas of the agreement which need particular attention. Of specific concern and focus to the Department in redrafting an agreement for NTID is the General Accounting Office (GAO) audit of the Institute, which was conducted during late fiscal year 1992. GAO's final report was released in December 1993. The report included a number of findings. NTID has taken corrective action on many of the concerns raised by GAO. These actions will be solidified in a redraft of the agreement with RIT, to ensure more effective review and monitoring of the Institute.

In fiscal year 1996, the Department plans to continue to work closely with all three Special Institutions for Persons with Disabilities to ensure that Federal funds are being used efficiently and effectively to expand educational opportunities for individuals who are deaf or hard of hearing and individuals who are blind.

My colleagues and I will be happy to respond to any questions you may have.

DEPARTMENT OF EDUCATION

Office of Special Education and Rehabilitative Services

Biographical Sketch

NAME : Judith E. Heumann

POSITION : Assistant Secretary, Special Education and Rehabilitative Services

BIRTHPLACE : Philadelphia, Pennsylvania

EDUCATION : Long Island University, B.A.
University of California at Berkeley, M.P.H.

EXPERIENCE

1993-present : Assistant Secretary for Special Education and Rehabilitative Services, Department of Education

1983-1993 : Vice President, World Institute on Disability (WID)

1982-1983 : Special Assistant to the Executive Director, California State Department of Rehabilitation

1975-1982 : Senior Deputy Director, Center for Independent Living, Berkeley, California

1974-1975 : Legislative Assistant to Chairperson, Senate Committee on Labor and Public Welfare

1970-1973 : Primary School Teacher, New York City Public Schools

HONORS AND AWARDS : Henry B. Betts Award, 1990

Disability Rights Education and Defense Fund, Edward M. Kennedy Life Achievement Award, 1990

Distinguished Service Award, presented by President George Bush, 1991

Mr. PORTER. Dr. DeCaro, do you want to testify first, or are you all here to respond to questions?

Dr. DECARO. I have submitted my opening statement for the record, but there are a few things I would like to say.

Mr. PORTER. Why don't each of you make a statement, and then we'll get into questions.

Dr. DECARO. Thank you, Mr. Chairman. It's an honor to be here representing the students, the faculty, the staff, and the administration of the National Technical Institute for the Deaf and our host institution, the Rochester Institute of Technology. I am very proud, Mr. Chairman, of the academic accomplishments of those young people who attend the National Technical Institute of the Deaf, and I'm extremely proud of their success, upon graduation, in our society and in the workplace.

Mr. Chairman, at this time in our country's history, when we are concerned about the economic and technological competitiveness of our Nation, deaf people are graduating from NTID and entering high-technology careers and competing on par with their peers who hear. As Congresswoman Slaughter pointed out, we have objective data that show that the Federal investment in these young people pays significant fiscal dividends to our national treasury. Further, these individuals are contributing to our country's economic well-being by pursuing productive careers in industry and business.

Mr. Chairman, it is NTID's outstanding state-of-the-art technical and professional programs that are complimented by a strong arts and science component that prepares these young people to live and work in the mainstream of our rapidly changing global economic community. Our strategic planning process, which is now in the implementation stage, has led to a flattening of our administrative hierarchy and a reengineering of our curriculum. We are moving vigorously to improve an already successful educational enterprise.

Mr. Chairman, the National Technical Institute for the Deaf has remained true to its mission of addressing the underemployment of deaf people in technical careers for the past 26 years, and with your support, we will continue to do so.

Thank you, Mr. Chairman.

Mr. PORTER. Thank you, Dr. DeCaro.

[The prepared statement and biography of James J. DeCaro follows:]

DEPARTMENT OF EDUCATION

Statement by

James J. DeCaro
Dean and Interim Director
National Technical Institute for the Deaf
Rochester Institute of Technology

on

Fiscal Year 1996 Request for the
National Technical Institute for the Deaf

Mr. Chairman and Members of the Committee:

I am pleased to present the President's fiscal year 1996 budget request for the National Technical Institute for the Deaf.

The National Technical Institute for the Deaf (NTID), one of eight colleges on the campus of the Rochester Institute of Technology (RIT), provides a continuum of living and learning options for 1,100 deaf students on a campus of approximately 13,000 students. NTID was created by Congress to provide postsecondary technical education for the nation's deaf youth to prepare them for successful employment in the economic mainstream of America and, has done so, with the vast majority of graduates now working in the private sector.

NTID also trains other professionals to serve the nation's deaf population and conducts research into educational achievement, cognition, communication, personal/social interaction, and economic and employment of deaf students and alumni. The 1996 request for the National Technical Institute for the Deaf is \$43,041,000, which includes \$336,000 to support the Federal Endowment Grant program, which matches private dollars raised by NTID for its endowment. The specifics of the fiscal year 1996 request follow.

OPERATIONS

The fiscal year 1996 request of \$42,705,000 for operations, which includes funds for educating students, research, training, information dissemination, and special outreach services, is the same as the fiscal year 1995 appropriation. Funds that will be received by NTID for tuition, room and board, and fees are expected to increase by approximately \$300,000 in total in 1996 above the amount expected in 1995. The Federal subsidy will constitute approximately 83 percent of NTID's total funding in 1996.

The 1996 request will support NTID's intention to implement its strategic plan. Since 1990, we have devoted considerable time, and our collective energy and resources as a college to developing and executing the plan. We are deeply committed to this plan since it is an effort to move our college forward to address the technological employment opportunities that should be available to deaf people. Based upon budget conditions, we plan to reduce our workforce by 10 percent by the end of calendar year 1995 in order to raise the funds necessary to implement our strategic plan.

For 26 years, nearly 95% of NTID's 3,500 graduates have been successfully placed in jobs commensurate with their training. Eighty percent (80 percent) are employed in business and industry. Further, research conducted and published jointly by NTID and the Internal Revenue Service (IRS) shows that NTID bachelor of science graduates earn 93 percent of what their hearing peers earn. National statistics indicate that disabled workers earn only 70% of their non-disabled peers. Additionally, and most importantly, an NTID graduate, in his or her lifetime, will pay back four times the cost of his or her education to the Federal government in taxes alone. With the Committee's continued support, NTID is committed to ensuring that this extraordinary success story continues.

New admissions for fiscal year 1995 totalled 313, a 9.5 percent decrease from 1994, resulting in a 4.3 percent decline in total enrollment. We have isolated the factors that contributed to the decline in entrants and have implemented aggressive strategies that will return admissions numbers to those of previous years. In fact, as of February 1995, applications and acceptances exceed the average of fiscal years 1991, 1992, and 1993. For the fall of 1995, the beginning of fiscal year 1996, NTID plans to admit approximately 370 new students, which will return enrollment to approximately 1,100 students. That is approximately 10 percent higher than our enrollment in 1982, prior to the beginning of increased enrollments due to the maternal rubella epidemic of the mid-1960s.

CAREER DEVELOPMENT

NTID has vigorously and diligently worked to design and offer learning and residential options to students who are deaf. We have endeavored to maintain a balanced array of services that are responsive to the needs of students who come to NTID from various educational settings--schools for the deaf, public high schools day programs and the like. Student-centered and outcome-oriented curricula, programs and services that lead students to successful careers are the rule.

For example, qualified students can enroll in the baccalaureate, masters or doctoral degree programs with hearing peers in the other colleges of RIT, using access services provided by NTID. Last year, NTID provided 79,000 hours of interpreting and 45,000 hours of notetaking, not to mention other support services such as counseling, advising, and tutoring. For students with other talents, there are associate degrees and diplomas offered at NTID by faculty who directly instruct students in classes that are comprised of only their

deaf peers. However, all deaf students complete their liberal arts requirements in the RIT College of Liberal Arts and their physical education requirements are met through RIT's Physical Education Department. Here too, students may enroll in courses comprised of only deaf students, or in courses with both deaf and hearing students.

In addition to the various learning environments that provide for students' intellectual development, there are a variety of living arrangements available to provide for deaf students personal and social development. Students can live on dormitory floors comprised predominately of their deaf peers, or on floors comprised of predominately their hearing peers or on floors where they are the only deaf person. These living arrangements provide students with the opportunity to develop their interpersonal skills.

The fundamental mission of NTID is to provide deaf students with curricula, programs, and services that prepare them to live and work in the mainstream of a rapidly changing global society. This mission has served our students well in the past and, if past success is an indicator of future performance, it will continue to do so.

STRATEGIC PLANNING

NTID began its strategic planning process in 1990 in an effort to create an essential road map for improving programs and services to students, and to provide a framework for long term institutional viability. I am pleased to inform you that, to date, we have made significant progress in attaining the goals detailed in the plan. During 1994, NTID's faculty re-defined graduation expectations for each NTID degree and developed standards by which academic programs would balance technical credits with those in the arts and sciences.

Further, NTID combined 13 operating division into 7, and reallocated the resources of these eliminated administrative offices to direct services. Finally, during the academic year, two new curricula are being developed to replace the two curricula that were eliminated as a result of the strategic plan.

CAPTIAL CAMPAIGN

I am pleased to report that NTID will soon be officially announcing the start of a major development campaign. We will have as our goal raising between 10 and 12 million dollars to augment our endowment program. Unofficially, I can report that the campaign is off to a smashing start. Leaders from business and industry have agreed to chair the campaign and certain key campaign subcommittees. We have already received a major gift commitment from the campaign leadership. We are currently in the process of organizing the faculty/staff, alumni, and parent components of the campaign. I am very optimistic about our chances for success.

RESEARCH

Studies performed through NTID's Center for Research, Teaching, and Learning benefit NTID's students and adults who are deaf throughout the country. Our research is directed at fulfilling our mission of providing information that leads to better teaching, training, and curriculum development at NTID. The research activities of the Center are guided and organized according to five general priorities: economic and occupational assimilation; academic and technical skills; communication skills; effective instruction; and institutional planning, evaluation, and change.

While these priorities are not mutually exclusive, they do provide NTID a rationale for grouping research activities and ensure that research done at NTID has a non-duplicative constructive influence on educational practices and policies affecting people who are deaf.

EDUCATIONAL OUTREACH

NTID has a long history of providing outreach services to deaf people, educators of people who are deaf, and other interested parties. For example, NTID offers various interpreter and notetaker training programs, the "Explore Your Future" summer program, and an internship program for professionals in the field of deafness.

Several years ago, the Senate Subcommittee on Disability Policy asked NTID to increase its outreach efforts after the rubella students were served. In response, NTID now provides technical assistance to seven major audiences: primary and secondary schools, support service personnel, employers of people who are deaf, adults who are deaf, parents of deaf children, rehabilitation and placement professionals, and health care professionals.

ENDOWMENT GRANT

Three hundred and thirty-six thousand dollars (\$336,000) is requested for the endowment matching fund authorized by the Education of the Deaf Act of 1986. NTID will receive these funds as it raises endowment funds from non-Federal sources on a dollar for dollar matching basis. The use of the endowment will help decrease NTID's dependence on Federal funding in future years. In all, NTID endowment, including federally-matched funds, now totals more than \$8.5 million.

SUMMARY

In summary, the 1996 request will allow NTID to continue its mission of preparing deaf people to enter the workplace and society and compete on a par with their peers who hear. With the committee's support, we feel confident we can. In the Institute's brief history, our alumni have become contributing members of society, and vastly improved the quality of their lives through the postsecondary education we provide. Collaborative research

between NTID and the Internal Revenue Service indicates that on average, NTID graduates pay back the cost of their education in 10 to 13 years and have lifetime earnings that are two to three times greater than deaf people with no degree. We are a productive academic enterprise that contributes to the economic well being of our graduates and society at large. At this time when our nation must improve the technological capability of its citizenry, NTID continues to prepare deaf people for state-of-the-art technical careers.

Mr. Chairman, I will be pleased to answer any questions you may have.

DEPARTMENT OF EDUCATION

National Technical Institute for the Deaf

Biographical Sketch

- NAME : James J. DeCaro
- POSITION : Dean and Interim Director,
National Technical Institute for the Deaf (NTID)
Rochester, New York
- BIRTHPLACE
AND DATE : Poughkeepsie, New York; November 9, 1947
- EDUCATION : State University of New York at Buffalo, 1969 - B.S.
State University of New York at Buffalo, 1970 - M.S.
Syracuse University, 1977 - Ph.D.
- EXPERIENCE
- PRESENT : Dean and Interim Director, NTID
- 1985-1995 : Dean, NTID
- 1981-1985 : Director - Division of Career Opportunities, NTID
- 1980-1981 : Curriculum Development Specialist - Special Programs,
NTID
- 1979-1980 : Visiting Member of Faculty - University of Newcastle-
upon-Tyne (Britain), School of Education
- 1978-1979 : Acting Chairperson - Department of Business Careers,
NTID
- 1977-1978 : Staff Chairperson - Construction Technologies
Department, NTID
- 1975-1977 : Instructional Development Specialist, NTID
- 1971-1975 : Teaching Faculty - Civil Technology Program, NTID
- 1970-1971 : Research Associate - SUNY Buffalo, Civil Engineering
Technology

COMMITTEE SERVICE

Vice Chairperson, Rochester Institute of Technology

Strategic Planning Steering Committee (1993-1994)

Mr. PORTER. Dr. Jordan, we're pleased to welcome you and receive your statement.

Dr. JORDAN. Thank you, Mr. Chairman. It's my pleasure to join you this morning. Like Dr. DeCaro, I have a written statement for the record, but I would ask to make a few comments.

Almost exactly one month from now, on April 8th, Gallaudet University will celebrate what we call Charter Day. Charter Day is the day on which Gallaudet University was established when President Abraham Lincoln signed our charter in 1864, creating Gallaudet 131 years ago.

It was interesting to listen to Mr. Kemp testify this morning in support of Howard University on President Lincoln's support for greater involvement in higher education. He was truly committed to ensuring that all citizens have the opportunity to participate in higher education. It was clear also that the Land Grant College Act that created State colleges and universities would not really serve deaf individuals, thus Gallaudet University was created. I can say with certainty that what was true 131 years ago is still true today.

Gallaudet University is unique. It serves a very important purpose in providing education to deaf individuals. Higher education for deaf people, of course, pays big dividends to the United States as a whole.

Because of Gallaudet University, American deaf people can participate in the American dream. You'd be very interested to know, for example, that the unemployment rate of young adults who are deaf who do not attain higher education or post-secondary education is about 46 percent. That's nearly half of the individuals who are deaf and who are beyond high school age don't work. A survey of our graduates indicated that the unemployment rate for graduates of Gallaudet stands at 4 percent. Clearly, the investment to support Gallaudet University is repaid many, many times in taxes.

Compared to graduates of other colleges and universities, high percentages of our Gallaudet alumni hold executive, professional, and managerial positions. Salaries of Gallaudet graduates compare well, too. Probably most striking is that about half of our graduates go on to receive advanced degrees at the M.A. and Ph.D. levels.

We have a great deal to be proud of, but we're not satisfied with the status quo. We're making important changes as well. For one thing, we're enhancing the learning environment at Gallaudet with construction that's supported in large part by private donations. We have completed a very thorough academic program review which will guide us in enhancing curriculum and learning opportunities for our students.

With input from a national panel of experts in the education of deaf children, we have established priorities to lead the national mission efforts in our precollege programs.

We have managed our resources, both our financial resources and our human resources, carefully and very well. Thanks in large part to the endowment challenge that Congress provides us each year, our endowment continues to grow. Last year we were able to match the \$1 million in record time, and with the addition of the \$1 million Federal match this year, our endowment will stand at \$46 million. When the Federal program began nine years ago, it was less than \$10 million.

Regarding our human resources, some years ago, we saw the need to control costs and began a process of staff reductions. Through attrition, with no layoffs, we were able to make substantial reductions in our work force of about 10 percent. We will continue to aggressively review our programs. We will continue to control costs. The Federal dollars that go to Gallaudet are well managed and well spent.

Your appropriation is an investment in young American people that will pay big dividends. I'm very grateful for the support of this committee in the past, and I look forward to working with you this year and in the future.

Thank you again for the opportunity to speak to you this morning, and I welcome your questions.

Mr. PORTER. Thank you for your excellent statement, Dr. Jordan.

[The prepared statement and biography of J. King Jordan follows:]

DEPARTMENT OF EDUCATION

Statement by

I. King Jordan
President
Gallaudet University

on

Fiscal Year 1996 Request for Gallaudet University

Mr. Chairman and Members of the Committee:

I am pleased to come before you today to testify in support of the Administration's fiscal year 1996 budget for Gallaudet University. I testify as the president of the world's only university for deaf students, an institution that was established by a Federal law signed by President Abraham Lincoln. President Lincoln and the Congress, during the darkest hours our country has ever experienced, recognized that the States and localities could not provide for the higher education of deaf students in the United States. This was because the deaf population is small and dispersed, and the higher education of deaf students requires specialized techniques and communication skills on the part of their instructors. The Federal Government also recognized that the further education of deaf students would be beneficial to the country as a whole, as it would allow deaf people to become productive, tax paying citizens. In addition, the Government recognized that, given its specialized nature, the higher education of deaf students was best left to private citizens, with Government support and oversight. I come before you today to say that President Lincoln's vision remains true and that Gallaudet University represents one of the most successful partnerships between the public and private sectors in our Nation's history. Because of Gallaudet University, deaf people are able to take part in the American dream. I would like to share with you the results of a survey of Gallaudet alumni that was recently completed. Compared to national norms for former college students, high percentages of Gallaudet alumni hold executive, professional and managerial positions; and the salaries received by Gallaudet alumni compare favorably with this norm group. Finally, in what I believe is a very important finding, half of the former Gallaudet undergraduates had received advanced degrees.

Before beginning a discussion of specific aspects of the budget, I would like to bring you up to date on events at Gallaudet during the past year. We are now nearing completion of construction of the Gallaudet University Conference Center, which will be the first building we have constructed without any Federal support. This Center was made possible by a grant of \$12 million from the Kellogg Foundation. The building and the communication technology it will contain represent the state of the art in establishing

a visual environment responsive to the unique communication needs of deaf and hard of hearing people.

Last year, the Board of Trustees voted to sell the University's Northwest campus, which currently houses the School of Preparatory Studies, as my administration had determined that in the future all Gallaudet programs and students could be accommodated at the main campus in Northeast Washington, D.C. The Education of the Deaf Act requires that the University obtain the approval of the Secretary of Education before any real property can be sold. Prior to seeking a buyer for the property, the University requested and received a favorable opinion from the Secretary with respect to its plan to sell. We informed the Secretary that proceeds from a sale would be placed in our endowment fund. We have now put the campus on the market, and we expect to complete the closure of the campus this summer.

UNIVERSITY PROGRAMS

Last year, I reported to you that we were developing a plan to see that the University's mission is carried out in the most effective way possible. We have now completed what we are calling the Vision Implementation Plan--a guide to the assessment and reinvigoration of all our programs in undergraduate and graduate education, research, and continuing education. The development of this plan involved intensive review of all academic programs--the reviewing committee was charged with making recommendations for program enhancements, program closures, and reorganizations. This review has just ended with Board approval of several recommendations, which include closure of the School of Preparatory Studies (coincident with the closing of the University's Northwest Campus), several underenrolled academic programs, and several other offices and programs. Some academic departments will be merged in order to increase the efficiency of administrative operations. The University will also establish a new school of general studies to oversee all developmental and pre-major programs for undergraduate students. In addition, this school will have a major role in the assessment of student progress.

PRECOLLEGE PROGRAMS

The Precollege programs at Gallaudet consist of the Kendall Demonstration Elementary School, the Model Secondary School for the Deaf, and the national mission activities associated with these schools. During the past year, we have worked on a number of projects that were required by the Education of the Deaf Act Amendments of 1992. Primary among these was the development of a process to obtain public participation in the establishment of priorities for research, development, and demonstration. In fulfillment of this responsibility, we convened a national panel of experts in the field of deaf education representing the broad constituencies that Precollege programs are required by law to serve. The panel recommended three major

priority areas for research, development and demonstration: (1) Improvement of the literacy skills of deaf and hard of hearing students; (2) Improved education for the families of deaf and hard of hearing students; and (3) Improved programs to facilitate the transition of deaf and hard of hearing students from secondary school to work or further education. In February, our Board approved these priorities.

In addition, we have initiated a major research project concerning successful classroom communication for deaf students and their instructors, and we have disseminated large numbers of educational products and curricular materials through the Precollege outreach services.

ENDOWMENT MATCHING PROGRAM

As the result of a very generous gift of \$1 million from the Sasakawa Foundation, we were able to match the Federal endowment funds for fiscal year 1995 in record time. Due to changes introduced in the EDA amendments, we have invested our Federal endowment funds with the Common Fund. I cannot overestimate the importance of this Federal program to the success of our overall fund raising effort. With the addition of the \$1 million Federal match appropriated in fiscal year 1995, the total value of Gallaudet's endowment will stand at \$46 million. When the Federal matching program was enacted nine years ago, it was less than \$10 million.

FISCAL YEAR 1996 BUDGET

The budget request for Gallaudet University is \$80,030,000, the same level of funding that was appropriated for the University for fiscal year 1995. This total includes \$79,030,000 for operations and \$1 million for the endowment matching fund. The President's Budget also proposes to allow the University to use more than \$1 million of the total appropriation as matching endowment funds under provisions of the Education of the Deaf Act Amendments, if it so chooses. I speak in support of this change and of the Administration's proposal to combine funding for the University and the Precollege Programs. This consolidation would provide the University greater flexibility with respect to use of funds.

Mr. Chairman, I thank you for this opportunity to come before you today, and I welcome your questions.

DEPARTMENT OF EDUCATION

Gallaudet University

Biographical Sketch

NAME : I. King Jordan

POSITION : President, Gallaudet University

BIRTHPLACE
AND DATE : Glen Riddle, PA - June 16, 1943

EDUCATION : University of Tennessee, 1973, Ph.D. Psychology
University of Tennessee, 1971, M.A. Psychology
Gallaudet College, 1970, B.A. Psychology

EXPERIENCE

Present : President, Gallaudet University, Washington, D.C.

1986-1988 : Dean, College of Arts and Sciences

1983-1986 : Chair, Department of Psychology

1973-1988 : Assistant to Professor of Psychology

PROFESSIONAL
ACTIVITIES : Vice Chair, Committee on Employment of People with Disabilities
Chair, Washington Research Library Consortium Board of Directors, 1991
Director, Marriott Foundation for People with Disabilities Advisory Board, 1991

HONORS AND
AWARDS : Honorary Doctor of Humane Letters, Flagler State College, 1993
Honorary Doctor of Humane Letters, Bridgewater State College, 1993
Honorary Doctor of Laws, Saint Michael's College, 1992
Honorary Doctor of Humane Letters, Western Maryland College,
1991
Honorary Doctor of Humane Letters, Utah State University, 1991
Honorary Doctor of Public Service, Edinboro University of Pennsylvania, 1991
Honorary Doctor of Laws, New England College, 1990
Honorary Doctor of Humane Letters, Towson State University, 1989

Mr. PORTER. Dr. Tinsley, would you like to proceed at this point?

Dr. TINSLEY. Mr. Chairman, it's also a pleasure for me to appear before you this morning. I do have written testimony which I have submitted. I also would like to make a brief opening statement.

In 1858, Mr. Chairman, six years before President Lincoln signed the charter establishing Gallaudet University, the Commonwealth of Kentucky chartered the American Printing House for the Blind, a non-profit private corporation to provide needed tactile educational materials for blind students. Neighboring States and others saw the need for these materials and began requesting the unique items that were provided by the American Printing House for the Blind for a very small number of students.

In 1878 the American Association of Instructors of the Blind petitioned Congress, requesting the Federal Government to support this effort because blind students throughout the country needed these materials and these students were of very low incidence within the regular population of students. In 1879, 15 years after President Lincoln chartered Gallaudet University, Congress passed the Act to Promote the Education of the Blind, which set aside \$250,000 to provide a permanent appropriation to the American Printing House of the Blind to provide needed and unique materials for legally blind students in formal education programs below the college level.

The wisdom of Congress in charging a single agency with the administration of the act has been proven time and time again since 1879. Most recently, a study conducted by the Department of Education in 1991 reaffirmed that wisdom of Congress.

The Federal program at APH is more important today for blind students, Mr. Chairman, than it has ever been before. Even in the early 1960s, almost all blind students in our country were served in residential programs, most following the same curriculum. Today these students are in local programs across the country, involved in all types of programming and all types of curricula. Only 8 percent are in residential schools today. So, the variety of educational aids that are needed has just exploded. However, the number of each of the specific aids that are needed is very small.

Today, as in 1879, APH is partially funded by the Federal Government. We have 161 ex officio trustees representing all 50 States and possessions. There are six of our ex officio trustees from Illinois, Mr. Chairman. The superintendent of the school in Jacksonville, the Illinois School for the Blind, the executive director of the Chicago Lyon House, the president of the Hadley School in Winnetka, the director of the Hope School in Springfield, the instructional supervisor of the Illinois Center for Rehabilitation and Education in Chicago, and the manager of the Illinois Instructional Materials Center in Springfield are six of our ex officio trustees.

These people come together on ad hoc committees, advisory committees, and annual meetings to provide guidance and direction and to approve the plans for research, development, and production of materials that are needed throughout the States. With only 54,375 legally blind students in the U.S. today, representing all grade levels and all ranges of functioning, the special educational materials needed to support their classroom instruction are of little interest to commercial companies due to the very small market.

All of these students are registered through the Federal quota program at the American Printing House for the Blind. The largest population of students in grades K through 12 appears this year in the fourth grade, and that's 1,525 students from across all the States. There are, though, 5,270 preschool students that aren't in the K through 12 program.

The operation of the American Printing House for the Blind in the administration of the Act is unique in the involvement of educators and students throughout the development process, from the identification of the need to the research to identify materials to address the need; to the development of prototype materials to the field testing, production and dissemination of the materials; and to the review and further revision of the materials.

Thank you, Mr. Chairman. I would be pleased to answer any questions you may have.

[The prepared statement and biography of Tuck Tinsley III follows:]

DEPARTMENT OF EDUCATION

Statement by

Tuck Tinsley III

President

American Printing House for the Blind

on

Fiscal Year 1996 Budget Request for
American Printing House for the Blind

Mr. Chairman and Members of the Committee:

I am pleased to present the President's fiscal year 1996 budget request for the American Printing House for the Blind. The American Printing House for the Blind (APH) was chartered by the Commonwealth of Kentucky in 1858 for the nonprofit manufacture of books and other materials for use by persons who are blind. In 1879, Congress passed An Act to Promote the Education of the Blind, which, as amended, continues to enable APH to produce and distribute special educational materials to legally blind students enrolled in formal educational programs below the college level throughout the United States, its territories, and possessions.

The Act provides for a Board of Ex Officio Trustees to provide guidance in its administration. Composed primarily of representatives of state departments of education and superintendents of residential schools for the blind, these trustees work principally through two standing advisory committees, one for selecting textbooks to be published in alternative formats for visually impaired students and one for overseeing research and development of needed new materials. Ad hoc committees are organized from this group for a variety of advisory purposes. The committees ensure that activities of APH, special materials produced, and research and development undertaken address current and future needs of the blind students served.

The total request for this program for 1996 is \$6.680 million, maintaining funding for APH at the 1995 appropriation level.

EDUCATIONAL MATERIALS

Of the funds requested for fiscal year 1996, \$5.85 million would be used to supply special educational materials to an estimated 56,006 legally blind students. Funding would be the same as the fiscal year 1995 level. However, the number of students represents an

estimated increase of 1,631 or 2.9 percent over the number registered for fiscal year 1995. At this level, the resulting per capita allotment for fiscal year 1996 would be \$104.45, a decrease of \$3.14 or 2.9 percent from the 1995 appropriation level.

APH provides textbooks in braille and large type, tangible teaching devices, micro-computer hardware and software, educational tests, and special instructional aids, tools, and supplies necessary for the education of students who are blind. The bulk of the funds authorized under the Act is used by APH for the cost of labor and materials to produce these special items. These educational materials are distributed free on a national basis to programs serving the blind through proportional allotments based on the number of blind students in each State. An annual census is conducted by APH to identify students who are blind in each State and allotments are provided in the form of credits. Materials to be produced and distributed are reviewed and approved by advisory committees made up of ex officio trustees who are supervisors and administrators of direct service programs. The Publications Advisory Committee and Research Advisory Committee each consist of seven ex officio trustees. The Publications Advisory Committee identifies and approves textbooks and supplementary material to be produced in braille, large type, and recorded formats. The Research Advisory Committee approves research projects and subsequent product development activities.

ADVISORY SERVICES

The appropriation for Advisory Services supports a variety of activities necessary to administer the Act. These activities include the required Annual Meeting of Ex Officio Trustees of APH; meetings of the Educational Research Advisory Committee and the Publications Advisory Committee; ad hoc committee meetings; the annual census of blind students; production of catalogs of educational materials; and field services such as consultation, in-service training and workshops, and specially produced videotapes to inform teachers and administrators about available materials and how they are to be used.

The 1996 request for advisory services is \$295,000, an increase of \$30,000 above the 1995 level. The \$295,000 includes \$175,000, the same as fiscal year 1995, for general operations of the advisory services program; \$60,000, an increase of \$30,000 from fiscal year 1995, for continuation of a pilot videotape technology initiative; and \$60,000, the same as fiscal year 1995, for the second year of a copyright initiative.

The videotape initiative will provide two additional videotaped presentations for outreach and field activities, whereas only one was developed and distributed in each of fiscal years 1994 and 1995. This initiative will supplement and expand outreach activities and field work necessary to administer the Act, greatly increasing APH's ability to reach individual school districts, personnel preparation programs, and professionals in isolated areas. The videotaped presentations will be professionally scripted to outline services and

materials provided through the Federal program and explain specific product uses and applications. APH distributes the videotapes to ex officio trustees and other appropriate service providers. Included with each videotape is an evaluation form for use in assessing this pilot project. Initial feedback from service providers has been extremely positive.

The copyright initiative provides needed support for the procurement of copyright permissions for the reproduction in alternative formats of textbooks required for visually impaired students. With electronic media stimulating an explosion in the possible combinations and permutations of the presentations of intellectual property, authors are extremely concerned about the protection of their works. Thus, they are demanding contracts which are much more restrictive for publishers, specifying very limited presentations of their material. The result is that the process of obtaining permissions to reproduce materials in braille, large type, and other formats appropriate for visually impaired students has become extremely complex, time consuming, and sometimes impossible. Continued funding of the copyright initiative enables APH to assist educators across the nation to provide educational materials to visually impaired students in a timely manner by processing and securing permissions necessary to comply with the copyright law.

EDUCATIONAL AND TECHNICAL RESEARCH

The request for educational and technical research is \$535,000, a decrease of \$30,000 from the 1995 appropriation level. The \$535,000 includes \$410,000 to maintain funding for the basic operations of the educational and technical research area at the 1995 level. Also included in the request is funding for the completion of two 3-year initiatives: \$25,000 to expand the program for adapting testing materials, compared to \$30,000 used from the 1995 appropriation; and \$100,000 to expand APH's programs in mathematics, science, and geography, compared to \$125,000 used for this purpose from the 1995 appropriation. In 1996, the final year of the two 3-year initiatives, APH will continue its current research and development programs in the following areas: (1) the development of instructional materials and teaching resources needed to develop competency in elementary mathematics; (2) the development of graphic materials in tactile form that are needed by teachers of visually impaired students to support classroom education in mathematics, science, and geography; and (3) the adaptation of assessment instruments, as well as the development of assessment training materials that are necessary in the evaluation of educational needs and educational planning for blind and visually impaired students.

In addition to funding the initiatives mentioned above, the request will enable APH to continue its program of comprehensive research directed toward achieving its mission of providing visually impaired individuals with special media, tools, and materials needed for education and life. In 1996, efforts will be focused on: (1) the development of instructional materials and programs for teaching braille reading and writing skills; (2) the adaptation of educational tests for assessing basic skills, aptitudes, and interests; (3) the development of

materials and programs for parents and teachers to assist in the development of critical skills in visually impaired infants, and preschool, primary, and elementary school students; (4) materials to address the unique needs of visually impaired students with additional handicapping conditions; (5) materials for students with low vision; (6) the development of educational software and other technological media that are accessible by blind and visually impaired students; (7) math, science, and geography materials; and (8) materials to assist visually impaired students in the transition from school to post-secondary educational or work settings.

Research and development efforts reflect advice from educators and consumers obtained on a national basis. During fiscal year 1994, 40 agencies and 178 consultants participated in APH research activities. New educational materials and teaching aids are developed and produced each year to keep educational programs current for blind students, with reprints and reruns of older materials produced as required. Additionally, APH uses its own funds to maintain a finished goods inventory of over \$4 million to ensure timely delivery of special materials to educational programs, including those funded through the Federal program.

The American Printing House for the Blind continues to be committed to meeting the needs of persons who are blind through the research, development, and provision of educational materials necessary for education and life.

Mr. Chairman, I will be glad to answer any questions concerning the budget request.

DEPARTMENT OF EDUCATION

American Printing House for the Blind

Biographical Sketch

- NAME : Tuck Tinsley III
- POSITION : President
American Printing House for the Blind
- BIRTHPLACE
AND DATE : Jenkins, Kentucky, July 30, 1946
- EDUCATION : Florida State University, B.S.
Florida State University, M.S.
University of Florida, Ed.D.
- EXPERIENCE
- 1989-PRESENT : President, American Printing House for the Blind,
Louisville, Kentucky
- 1980-1989 : Principal, Florida School for the Deaf and the Blind, St.
Augustine, Florida
- 1981
(6 months) : Interim President, Florida School for the Deaf and
the Blind, St. Augustine, Florida
- 1979-1980 : Assistant Principal, Florida School for the Deaf and Blind,
St. Augustine, Florida
- 1978-1979 : Acting Assistant Principal, Florida School for the Deaf and
the Blind, St. Augustine, Florida
- 1968-1979 : Mathematics Teacher, Florida School for the Deaf and the
Blind, St. Augustine, Florida
- PUBLICATIONS : Seventeen professional monographs and articles regarding
the blind and visually impaired
- PROFESSIONAL
AFFILIATIONS : President, Kentucky School for the Blind Charitable Founda-
tion
- Member, Board of Directors, Association of
Education and Rehabilitation of the Blind and
Visually Impaired/Chairman of the Division on
Administration

Mr. PORTER. Dr. Tinsley, have you figured out what \$250,000 in 1879 translates into in 1995 dollars?

Dr. TINSLEY. No, sir, I haven't, but they figured 4 percent interest, so the permanent appropriation was \$10,000. It would be an awful lot today, sir, I'm sure.

APH ADVISORY SERVICES BUDGET

Mr. PORTER. I have before me 10 tough questions for you prepared by my staff. I also have three meetings between 12:00 and 2:00, when the subcommittee reconvenes for its afternoon session. I'm going to try to go through these 10 questions as quickly as possible and ask you to respond as quickly as you can and see how far we can get.

Dr. Tinsley, we're obviously taking a very rigorous look at all the programs that we fund in our bill, and we're asking if they are performing Federal responsibilities or if their activities should be performed at another level of Government or elsewhere, despite the fact that they may serve very important roles. So we're looking at everything. The bulk of the requested \$6.7 million is for funds for production of materials; however, there are several other activities that I'd like to look at from the standpoint of whether they are Federal responsibilities or not.

By way of background, the Printing House was chartered by the State of Kentucky and is funded primarily from sources other than the direct appropriations it receives from this subcommittee. In other words, the mission and organization are independent of the actions of this subcommittee.

I want to look first at the request for \$175,000 for advisory services. The budget justification suggests that this is funding that pays for the annual meeting of ex officio trustees. Why should the Federal Government pay for a meeting of trustees of a State-chartered organization?

Dr. TINSLEY. Yes, sir. The appropriation for advisory services supports the activities that are necessary to administer the Act. In addition to bringing the trustees together for a number of ad hoc meetings to address the needs of students, the annual census of all blind students is within that program. It also provides consultation and outreach through field services, in-service training, workshops, special catalogs on the materials that are available, and funds the National Comprehensive Listing System. This is a data base that includes all materials in accessible formats throughout the country.

Those are just some of the things that come through advisory services. These activities support the administration of the act.

ANNUAL CENSUS OF BLIND STUDENTS

Mr. PORTER. Apparently my staff has anticipated that answer, because they've got another question. The annual census, for example, provides the APH marketing information which supports all of its activities, not just those associated with the Federal appropriation. Why should the Federal Government, for example, pay for such an activity?

Dr. TINSLEY. The annual census is the mechanism for determining each State's allocation of the appropriation for educational materials. The students have to be identified as legally blind, and the

count approved by the ex officio trustee. Then, the total number of dollars that's appropriated is divided by the number of students, and that is the per capita allocation.

APH SPECIAL PROJECTS

Mr. PORTER. The justification enumerates the remaining activities, including \$245,000 for four special projects and \$295,000 to update material storage and retrieval systems. Can you provide a detailed justification of dollar amounts for retaining Federal support of each activity that does not involve the direct production of materials for distribution for visually-impaired individuals? In other words, what we're looking at here is, why is it justified that the Federal Government should pay for activities of these types?

Mr. TINSLEY. Do you want me to do that at this time?

Mr. PORTER. You can do it for the record, if you'd like.

Mr. TINSLEY. Okay. I'd be pleased to, sir.

[The information is provided in response to a question for the record.]

RATIONALE FOR FEDERAL SUPPORT OF NTID

Mr. PORTER. Dr. DeCaro, I want to ask you a question along the lines of one I asked Dr. Ladner earlier this morning. Dr. Castle, your predecessor, has testified that NTID enrollment is declining, but the strategic plan hopes to address that problem. He attributed the decline in enrollment in part to the fact that deaf students may have many more options today than they have had in the past. It raises the question of whether we ought to try at all to stem the decline in enrollment.

If there are other options that serve the needs of deaf students, perhaps we should be planning for the phase-out of NTID rather than continuing to provide Federal funding to compete with private sector alternatives. For example, the current Federal appropriation represents \$39,000 per pupil per year. The number is higher if one considers that additional funding is provided through other Federal grants and loans. It's reasonable to ask whether the Federal Government ought to be providing that kind of funding if other providers are offering similar or better services for the cost of a Pell Grant or a student loan.

What are your thoughts on that suggestion and on the long-term future of NTID?

Dr. DECARO. Thank you, Mr. Chairman. The National Technical Institute for the Deaf serves a low-incidence population of deaf people, and provides those young people with a continuum of services that ranges from living to learning options. It is one of eight colleges on the campus of the Rochester Institute of Technology.

Gallaudet and the National Technical Institute for the Deaf are publishers of a book that's called "College and Career Programs for Deaf Students." There are about 150 programs that are listed in that book at this point in time. In an effort to take a look at our productivity against many of those programs, we took a look over eight years at the enrollment in those programs and how many young people are graduating from those programs, excluding Gallaudet, the National Technical Institute for the Deaf, and the four

Federally funded regional programs. We came up with a graduation rate in the neighborhood of about 20 to 25 percent.

So the issue that's at stake, sir, has to do with the question of the quality of the services that we're able to provide as a result of having a critical mass of young people within the environment and providing students with access not only to education, but access to a full communication environment where they have the opportunity to grow not only in their technical competence, but in their personal, social, as well as in their communication competence.

RATIONALE FOR FEDERAL SUPPORT OF GALLAUDET

Dr. JORDAN. Mr. Chairman, since this speaks directly to Gallaudet, may I respond to it as well?

Mr. PORTER. Sure.

Dr. JORDAN. Thank you very much. I would like to respond to two points in the question. One is related to what Dr. DeCaro said about graduates. We also reviewed the same data and the same information. People do attend many different programs and colleges around the country, but I would hesitate to say they are often well served. In fact, I think that "served" is a very interesting choice of words. They don't get the services or the support they need in other colleges and universities.

Education is much more than what happens in the classroom. When a deaf student who depends on visual communication attends a regular college or university, then he must rely on an interpreter to interpret the message that comes from the faculty. When the class is over and the interpreter goes one way and the student goes another way, the full life and the full learning opportunity that's available on campus is not there for that student. All of the leadership opportunities, all of the enrichment that comes with full university education simply doesn't happen with services provided to deaf people.

The second point I would like to make is that our data show that 57 percent of deaf people who receive baccalaureate degrees receive them from Gallaudet University. So while there are other options, the best still are here at the table.

Mr. PORTER. Thank you. You've just answered Question No. 7. [Laughter.]

RATIONALE FOR A SPECIAL EDUCATION MASTER'S DEGREE AT NTID

Mr. PORTER. Ms. Heumann and Dr. DeCaro, the budget justification suggests that NTID will realize a savings of \$375,000 in 1996 as a result of implementing recommendations of the NTID strategic plan. The Department indicates that it opposes the NTID proposal to redirect those savings into a Master's degree program for teachers which departs from the mission of a technical school. Some would say that such a program belongs at Gallaudet rather than at NTID.

First, given the current fiscal climate, why weren't those savings credited to the bottom line to help reduce the deficit? Second, does the Department have the authority to prevent NTID from creating this new program? If not, should the subcommittee prohibit NTID from creating a new Master's degree program?

Ms. HEUMANN. In response to your first question, we were sympathetic to NTID using those dollars for offsetting interpreter expenses.

To the second part of your question, we have no objection to RIT setting up a Master's degree program with dollars other than the ones that come out of our appropriation for NTID. There is a program at Gallaudet University currently, and we felt that utilization of our dollars for setting up another Master's degree program would be inappropriate.

I personally think that the Committee coming out and telling RIT not to establish a program if it could be established with its own funds or by applying for other funds from the Department of Education wouldn't really be warranted.

Mr. PORTER. But do you have the authority to do that?

Ms. HEUMANN. Do we have the authority to tell them they can't use our dollars to be able to set up that program? Yes, I would think we do.

Mr. PORTER. Dr. DeCaro?

Dr. DECARO. Mr. Chairman, we agree that the Department is not in a position to prohibit the Rochester Institute of Technology from using non-Federal funds to offer such a degree. We will move forward without the use of Federal funds to provide this program. We agree with and understand the issues that were put before us by the Department of Education with regard to the utilization of Federal funds.

Our intention is that we would move to charge sufficient tuition. That would mean that there would be no incremental cost from this program being added to the array of programs that are offered at the Rochester Institute of Technology, which means the tuition would be significantly different than that charged for other RIT programs in which deaf and hearing people enroll.

SAVINGS FROM SALE OF NORTHWEST CAMPUS

Mr. PORTER. Dr. Jordan, the budget requests level funding for 1996; however, the University expects to realize income from the sale of its Northwest campus and \$500,000 from the consolidation of operations at one campus. As I understand the budget justification, the University intends to use the proceeds from the sale of the property to establish an endowment fund which could be used for construction activities. The operating savings would be reallocated to create a department of deaf studies and for literacy and recruitment activities.

Dr. JORDAN, why doesn't the budget propose allocating at least some of these revenues and savings for deficit reduction?

Dr. JORDAN. As I said in my opening comments, we've been planning for a reduction in Federal support for the last six years. It's not something that comes unexpectedly to us, so we are in the process of a very thorough program review. We just completed what we call VIP, the vision implementation plan, that reviewed all of the academic programs at the University level. Right now, an academic support program review is taking place, which has to follow the academic review. There will soon be a review of the precollege programs. So we will be making programmatic decisions that will enable us to meet any deficit reductions that happen.

The resources that you speak of and the programs that you speak of are very key and very important to the University, but in the past, for example, we have asked for support from the Department and from Congress to enhance those programs, and it hasn't been forthcoming. So we're trying hard to identify our priorities and then identify ways in which we can fund them.

One piece of that support that you've omitted from your list of what we will use that money for is enhancement of minority recruiting. We want very much to do more in terms of bringing minority students to Gallaudet.

Mr. PORTER. Thank you.

GALLAUDET UNIVERSITY STUDY

Ms. Heumann and Dr. Jordan, please tell us what actions the University is taking in response to the Departmental review of its budget operations, and are these actions sufficient to establish an efficient and effective budget system?

Dr. JORDAN. Absolutely. The Department made several recommendations. Among the recommendations was to provide us with forms to use when we report our data to the Department. I believe that the Department would support me in saying that this has been very, very helpful to us and to the department.

Other things have happened with regard to the budget. We've appointed two budget officers, one in the Division of Academic Affairs, and one in the Division of Precollege Programs. Those people focus on the budgets in those units and have to ensure that the budgets stay balanced.

The final thing I'd like to say is that one point that the consultants to the Department made in their report was that they endorsed the notion of a centralized budget process, while we use a more decentralized process. I believe that we've found in the past that when we did use a centralized process, it didn't control costs as well as a more decentralized process. I can show evidence that that's true.

Mr. PORTER. Dr. DeCaro, the budget suggests that only—I'm sorry.

Ms. Heumann?

Ms. HEUMANN. I'd just like to say that we have had a good working relationship with Gallaudet, and I'd like to concur with many of the statements that Dr. Jordan has made.

JOB PLACEMENT AT NTID

Mr. PORTER. Dr. DeCaro, the budget suggests that only 35 percent of the students who enroll in NTID will be permanently placed in jobs following graduation. Is this an acceptable level of placement, how does it compare with comparable technical schools, and what strategies is NTID pursuing to raise the rate of placement?

Dr. DECARO. I'm not sure where that comes from, sir. Our placement rate within 16 months of graduation is 95 percent of those who enter the work force.

Mr. PORTER. This applies to students who have graduated, right?

Mr. THOMPSON. Can I add to that? I think the misunderstanding might be that many of the students who graduate choose to further their education, so they do not become part of the work force. Of

those students who declare themselves in the work force, we place 95 percent of them.

Mr. PORTER. I think the 35 percent relates to the students who enroll. Let me repeat the question. The budget suggests that only 35 percent of students who enroll at NTID will be permanently placed in jobs following graduation.

Dr. DECARO. The question that you're asking, sir, I think relates to the rate of attrition. Currently, 52 percent of the young people who enter will graduate with a certificate, diploma, Associate or a baccalaureate degree. The 35 percent would be a proportion of that 52 percent, and as my associate, Mr. Thompson, has indicated, the remainder will continue their education for a baccalaureate degree, and those who receive a baccalaureate degree will continue on for a Master's degree.

[Additional information follows:]

The 35 percent placement rate cited in the question from Mr. Porter was calculated by comparing the number of students who enroll with the placement rate of those who graduate. Approximately 52 percent of all students who enroll graduate and 67 percent of graduates are placed in jobs. This calculation does not take into account the fact that only 135 of those students who graduated in 1994 chose to enter the labor force. Of the 193 who graduated in 1994, 58 chose to continue their education at RIT or elsewhere, become homemakers, be idle temporarily, travel, or not enter the workforce for other reasons. NTID placed 131 of the 135 graduates who chose to enter the labor force. The 35 percent placement rate also does not take into account the job status of students who enrolled, but did not graduate.

Further information on this issue is presented in response to a question for the record.

Ms. HEUMANN. I just wanted to make one comment, and that is that all three programs are dealing with low-incidence disability populations who have, I think, difficult needs. So issues around attrition are things that we are concerned about, as are the universities, and a number of them are involved in programs now and studies that we're doing at the department to look at greater detail at some of these issues.

But, I think if you look at the comments that have been made about the graduation rate and the rate of placement in the work force, I think those are very favorable figures.

Mr. PORTER. Yes. The attrition problem seems to be something that is of concern, though.

Ms. HEUMANN. We concur with you on that. I think we're all in agreement on the fact that our ultimate goal is to really understand more clearly why students are dropping out of school and what additional supports they need to be maintained.

Mr. PORTER. Let me thank you, Ms. Heumann, and Dr. Tinsley, Dr. Jordan, and Dr. DeCaro, for your testimony this morning. We appreciate it very much. We do have additional questions for the record that we would ask that you answer as quickly as possible. Thank you all for being here and for your good testimony.

The subcommittee will stand in recess until 2:00 p.m.

[The following questions were submitted to be answered for the record:]

ADVISORY SERVICES AT APH- COST AND RATIONALE

Mr. Porter. I want to look first at the request for \$175,000 for "advisory services." The budget justification suggests that this funding pays for the annual meeting of the ex-officio trustees.

Why should the Federal Government pay for a meeting of trustees of a State chartered organization? Please provide for the record the cost of this meeting in 1994, 1995 and projected cost in 1996.

Dr. Tinsley. I would like to provide some background on Advisory Services. The Ex Officio Trustees of the American Printing House for the Blind were established by the Act to Promote the Education of the Blind for the purpose of administering the distribution of specially designed materials to eligible blind students [Sec. 102 (6)]. These 160 Ex Officio Trustees form an impressive network of professionals for this express and singular purpose. The nationwide pool of Ex Officio Trustees is comprised of the superintendent of each public institution for the education of the blind (or his designee) and the chief State school officer (or his designee) of each State and possession of the United States, the Commonwealth of Puerto Rico, and the District of Columbia. They receive no pay or remuneration from the Federal government or APH for performing these duties. The cost is borne by each respective State or agency.

To respond to your specific question, the Annual Meeting of Ex Officio Trustees is only one of a number of specialized activities designed to expedite and ensure the timely design, production, delivery, and use of research-based educational materials for blind children. The objective of the Annual Meeting of Ex Officio Trustees is to meet "for the purpose of electing committee members for the administration of the Act 'To Promote the Education for the Blind'; to hear reports; to review the work of the American Printing House for the Blind; to approve plans under the Act for the next ensuing year; and to consider and take action on such other matters as may be properly brought before a meeting of Trustees and Ex Officio Trustees" [verbatim from the Bylaws of the American Printing House for the Blind]. This gathering brings together the leading minds and expertise in the field of visual impairment and provides essential participation regarding the needs of blind and low vision students and the trends impacting their education and the provision of essential adapted tools and materials. All participants in the annual meeting, except key speakers and chairmen of the two advisory committees, attend at their own expense. APH staff are reimbursed for travel and lodging expenses only to the extent that the expenses are required to conduct the annual meeting.

Costs of October 14-17, 1994, Annual Meeting of Ex Officio Trustees

Print and Braille Materials	\$2,855.82
Supplies	642.46
Services	9,799.48
Travel and Participation Expenses	<u>3,183.51</u>

GRAND TOTAL for 1994 Annual Meeting 16,481.27

We estimate that costs for the 1995 and 1996 Annual Meetings will be similar to those for 1994. A breakdown of each of the expense categories is provided as follows:

Print and Braille MaterialsBraille Costs

Menus and Hotel Information	\$350.11
Meeting Info, agenda, packets	<u>295.71</u>

Subtotal 645.82

Printing and Materials Costs

Printing Preparation/Materials	721.00
Meeting folders & handouts, Attendees Lists, Agendas, etc.	<u>1,489.00</u>

Subtotal 2,210.00

TOTAL 2,855.82

Supplies

* Lights	\$147.10
Name Badges	117.60
* Signs	71.50
Supplies for Film Festival	17.07
Photography & supplies	<u>289.19</u>

TOTAL \$642.46

* Reusable for Advisory Services activities and field work

Services

AV equipment	\$742.00
Interpreters for hearing impaired	1,882.50
Brown Hotel:	7,174.98
Meeting Rooms	

Food & Beverages
 Equipment
 Sleeping Rooms for presenters and
 committee chairs

TOTAL	\$9,799.48
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Travel and Participation Expenses

Presenters:	
Megivern	\$325.23
Pender	380.45
Smith	489.18
Swaffield	49.20
APH Staff	<u>1,939.33</u>

TOTAL	<u>3,183.51</u>
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GRAND TOTAL	\$16,481.27
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ADVISORY SERVICES AT APH - COST AND RATIONALE

Mr. Porter. Dr. Tinsley, according to the budget justification, advisory services also include advisory group meetings and field services, including workshops. Why should the Federal Government pay for these activities?

Dr. Tinsley. Federally appropriated funds for Advisory Services are used for the explicit purpose of administering the Act to Promote the Education of the Blind. In addition to Federal funds, APH uses its own funds to subsidize Advisory Services activities. While sales of both Quota and non-Quota products benefit from advisory services activities, APH contributes much more to the cost of this function than is provided through the Federal appropriation. Activities supported by these private funds supplement Federal funding for Advisory Services, including activities related to administration of the Act. In fiscal year 1994, APH provided \$446,394.81 of its own funds to support Advisory Services activities. Again, the majority was to provide services involved with administering the Act.

Site visits and field trips supported by the Advisory Services portion of the appropriation are designed to accomplish several essential purposes, all aimed at accomplishing the objective stated above. Traditionally, site visits and field work have resulted in extremely valuable dialogue between APH and professionals in the field. This dialogue has proven to be a vital process in providing timely and suitable materials to students who are blind and visually impaired. A reduction in the number of such trips would seriously diminish the effectiveness of materials and services provided to blind students by the appropriation (the Federal Quota Program)

and of the administration of the State, special school, and agency program accounts designed to disseminate these materials and services.

The need for these field activities is heightened by changes in the needs of blind students and by changes in the ways these needs are met. A number of factors and trends occurring in the education of visually impaired students mandate increased outreach on the part of APH.

The first major change impacting the need for APH's interaction with direct service providers is the trend toward high technology educational aids. The effective use of these high tech items requires a thorough knowledge of their complex operation and the applications for which they are appropriate. Face-to-face, hands-on workshops designed to provide this information are essential.

A second trend increasing the need for advisory trips is the move toward a noncategorical approach within special education programs. This trend places instruction in the hands of service providers who have not been trained to meet the unique needs of blind students and are not familiar with braille and other specially developed materials and methods designed to meet the needs of these students. It is imperative that service providers who have not been trained to meet the unique needs of blind students be involved in a dialogue with APH. Trips provided by the Advisory Services portion of the appropriation are the primary avenue for achieving this objective.

Third, the mandate for educational services to preschool blind children expands the scope of the materials and services that must be provided through the appropriation. This creates the added need for education of and field trips and site visits to programs serving this growing population.

Administration of individual Federal Quota accounts is a major focus of site visits and field trips. APH actively consults with the 160 Ex Officio Trustees who are responsible for the administration of the respective accounts. Without site visits to insure the continuity of administration of the accounts, the frequent turnover of these Ex Officio Trustees could result in a serious deterioration of services and of materials delivery.

Two seven-member standing advisory committees--the Educational Research and Development Committee and the Publications Committee--are selected from the Ex Officio Trustees to assist APH staff in determining priorities: What textbooks to produce in braille and large print for visually impaired students, and what research to conduct specifically for the development of needed and otherwise unavailable educational aids.

Service providers benefit from advisory service field trips, site visits, and advisory committees in a number of ways. These include:

- disseminating information regarding eligibility for materials; the process by which eligible students are registered to participate in the Federal Quota Program; materials available to eligible students; and the appropriate selection and use of these materials;
- enabling service providers to maintain a current awareness of and familiarity with the latest research and the resulting educational materials available through the appropriation;
- providing APH the opportunity to assess the value of materials provided under the appropriation; and
- providing necessary feedback to APH regarding trends, attitudes, and needs of blind and visually impaired students which directly impact educational materials and services provided under the appropriation.

At the March 3-5, 1995, meeting of the Publications Committee, the Ex Officio Trustees expressed a strong need for increased field service activity of this nature. Both as individuals and as a committee, these seven professionals went on record stating that, because of the scarce and unique expertise required to provide these services to this low incidence population, support and outreach from APH are essential if they, the States, are to provide quality and equitable education of students who are blind and visually impaired.

To curtail or eliminate these site visits, field trips, and advisory committees would be to critically reduce educational services to blind students as well as to diminish the proven effectiveness of the entire Act to Promote the Education of the Blind.

APH SPECIAL PROJECTS

Mr. Porter. Dr. Tinsley, the justification enumerates the remaining activities, including \$245,000 for four special projects and \$295,000 to update material storage and retrieval systems. Please provide a detailed justification (with dollar amount) for retaining Federal support of each activity in the APH request that does not involve the direct production of materials for distribution to visually impaired individuals.

Dr. Tinsley. The special projects and amounts requested include the following:

- Videotape initiative	\$ 60,000
- Copyright initiative	60,000
- Math, science, and geography initiative	100,000
- Adaptive testing initiative	<u>25,000</u>
TOTAL	245,000

■ \$60,000 for two new tapes in the videotape initiative

The initiative to develop videotaped presentations is intended to augment and expand the outreach and field work necessary to support the Act To Promote the Education of the Blind. These services concentrate on responsible and appropriate dissemination and use of educational materials for blind students. This is done by working with groups of professionals, service providers, parents, and students themselves on State, regional, and national levels. Even with prudent use of the current monies available for Advisory Services travel, APH is able to fill only a portion of the requests and needs for such presentations and consultations.

Training educational professionals in the appropriate selection and application of services and educational materials available through the Act to Promote the Education of the Blind is essential. Presentations on videotape enable APH to vastly expand the number of Advisory Services training presentations to individual school districts and educational agencies, to personnel preparation programs, and especially to individual professionals working in isolated areas. For topics not addressed by videotapes, we are now unable to respond to such needs except through correspondence and telephone conversations. The use of videotaped presentations to smaller groups or individual systems allows APH to continue concentrating its in-person field services to larger groups at State, regional, and national gatherings. By implementing this two-fold approach, Advisory Services personnel are able to continue to interact with and convey essential information to professionals converging in larger numbers while, through the use of videotaped presentations, making this essential information accessible to service providers in remote, isolated, or individual settings.

The videotapes produced to date have been well received and have greatly enhanced the quality and appropriateness of educational services to students who are blind and visually impaired.

■ \$60,000 for Copyright Permissions for Alternative Media for Blind and Visually Impaired Students.

The process of obtaining permissions to reproduce materials in braille, large type, and other formats appropriate for visually impaired students has become extremely complex, time consuming, and sometimes impossible. This is not due to a lack of cooperation, but rather to the possibilities and, in some respects, threats created by advances in technology and electronic publishing.

The textbook industry is currently undergoing a period of major transition with an explosion in the possible combinations and permutations of the presentations of intellectual property. Authors are extremely concerned about the protection of their works and are demanding contracts that are much more restrictive for publishers. Frequently they specify very limited presentations of their materials.

The paperwork and expertise currently required for this process are overwhelming to educators across the nation. For example, in some cases more than 100 permissions (each requiring an individual transaction) are necessary to obtain permission to make a single copy of a textbook.

To assist educators and transcribers in complying with the copyright law and to facilitate the provision of educational materials to visually impaired students in a timely manner, APH is spending extensive time and effort in processing copyright permissions. Additional funding for this effort is needed within Advisory Services until appropriate changes can be made in the copyright law.

In order to produce textbooks in braille and large type for visually impaired individuals, funding is critical to support the process involved in procuring copyright permissions. Without these permissions, the production of textbooks in alternative formats comes to a standstill.

- \$100,000 for math, science, and geography initiative.
- \$ 25,000 for adaptive testing initiative.

APH proposes to complete the last year of two three-year initiatives begun in 1994 and continuing in 1995. These initiatives focus directly on achieving Goal #2, Goal #3, and Goal #4 of the National Education Goals, which are:

By the year 2000:

1. All children will begin school ready to learn;
2. Ninety percent of high school seniors will graduate;
3. Students will be promoted from the fourth, eighth, and 12th grades after demonstrating competency in English, mathematics, science, arts, foreign languages, civics and government, history, geography, and economics;
4. U.S. students will be first in the world in math and science achievement;
5. All Americans will be literate and possess the skills needed to compete in the international economy and be responsible citizens;
6. American schools will be free of drugs, guns, alcohol, and violence and will offer students an environment conducive to learning;
7. The nation's teachers will have access to the professional development needed to help them prepare all their students for the 21st century; and
8. Every school will promote programs that will increase parents' participation in the social, emotional and academic growth of their children.

The Advisory Committee on Educational Research and Development meets twice annually to review APH's research program and to approve new products that are eligible for purchase using the Federal funds appropriated under the Act To Promote the Education of the Blind. The Committee strongly supports APH's efforts to extend its product development efforts to address the current emphasis of education on core curricular areas (including math, science, and geography) as well

as accountability (testing) of accomplishment. Therefore, additional monies have been included in the President's budget for this purpose.

The fiscal year 1996 request includes \$100,000 for continuing work on new projects in the areas of mathematics, science, and geography. The budget request also includes \$25,000 to complete APH's expanded program of adaptation of tests for use with students who are visually impaired. Inherent in the emphasis on academics is assessment of student progress. Local and State educational programs are requiring more accountability. Thus, educators of students who are visually impaired need the adapted instruments to address this need. Fiscal year 1996 will be the third and final year of funding for these projects.

- \$295,000 for disk storage and retrieval - new initiative proposed for fiscal year 1996.

As part of administering the Act to Promote the Education of the Blind, APH proposed an initiative for fiscal year 1996 to expand its current system of storing and retrieving electronic files used for the production of braille textbooks.

Electronic files are necessary to accelerate the production of braille textbooks. Soon these same files will be used to produce educational materials in other media as well. This initiative supports the national effort to expedite the availability of publishers' files as well as to provide the services required by the passage of braille bills at the State level throughout the country.

APH has long recognized the need for an efficient and responsive system for making accessible educational materials available to persons who are visually impaired. Although the challenge of adapting publisher files for use in braille textbook production may appear to be a new issue, the handling, storage, and retrieval of electronic data is not a new undertaking for APH.

In 1957, APH, in cooperation with IBM, initiated the world's first system of capturing textbooks on magnetic tape for braille production. By 1964, this innovative computer system was fully operative and a library of tapes was available for use in braille production. Thus began APH's system for handling and processing electronic files.

APH replaced the manual transcription production method in 1991 by implementing a system to scan, key, and transcribe books onto disk. APH enhanced this process by designing and implementing a computer network during that same year. These advances improved production efficiency while increasing the APH collection of electronic files.

APH expanded the process of utilizing electronic files for braille production by establishing the APH-DOTS program (Disk Output Transcribing System) in 1988. This program facilitates the efficient dissemination of braille produced through electronic files. Through APH-DOTS, transcribers submit their computer

transcriptions on disks which APH catalogs, processes, and stores for production. APH uses these disks to emboss interpoint braille copies which are available for purchase on demand. Working with an advisory committee of Ex Officio Trustees, APH developed guidelines for disk submission and general administration of this program.

In addition to receiving APH-DOTS files, APH currently receives electronic files for textbooks in accordance with publisher contracts. These files arrive in various formats from existing composition or typesetting systems and require conversion before they can be translated into braille for production purposes. The conversion process varies in complexity depending on the condition of the original files. Based on the diversity of typesetting systems presently used by publishers, we anticipate that the complexities of conversion will compound as increasing numbers of publishers' files are deposited at APH.

Through the funding made available by the fiscal year 1993 initiative for a National Comprehensive Listing System, APH created the CARL ET AL database of accessible materials for people who are visually impaired. This project was an expansion of the APH's Centralized Automated Resource List (APH-CARL). CARL ET AL is a listing of titles available in braille, large print, and recorded format that are produced by APH, Recording for the Blind and approximately 200 volunteer non-profit and commercial agencies. The addition of listings from the National Library Service for the Blind and Physically Handicapped is under development. Materials made from electronic files as well as the files themselves are listed on CARL ET AL. This database provides an accessible platform for listing all electronic files discussed above.

Breakdown of costs:

The estimated cost for this initiative is \$295,000 for the first year, with an ongoing operational cost of approximately of \$60,000 per year as follows:

Initial Year Only

Mainframe disk upgrade:	\$100,000
Climate Controlled Room:	30,000
CD Jukebox:	50,000
Automated shelving:	50,000
Equipment:	5,000

Initial Year and Ongoing

Cataloger:	\$ 25,000
Conversion specialist:	25,000
Operating Costs:	10,000

Ms. Heumann. The Department requested and supports funding for the copyright; adaptive testing; math, science, geography; and videotape technology projects. However, I would like to clarify that the Department did not request funding for the expansion of APH's material storage and retrieval system. APH already operates the Centralized Automated Resource List system. In addition, the Federal Government cofunded an initiative in 1993 to expand this system to create a National Comprehensive Listing System. We do not believe that additional capacity is necessary to conduct the Federal program.

ALTERNATIVES FOR ACHIEVING AN 8 PERCENT REDUCTION AT NTID

Mr. Porter: Dr. DeCaro, please submit for the record a description of how NTID would allocate an 8% reduction in funding from the 1995 appropriated level.

Dr. DeCaro: If the 1996 appropriation is 8 percent below the 1995 appropriation level of \$42.705 million, NTID will be faced with a major overhaul, and one that we will have little flexibility to handle. In addition, this situation would be compounded by the proposed fiscal year 1995 rescission of \$799,000. The timing and magnitude of these reductions, coupled with cuts we are already in the process of making, will cause us to take precipitous action that will be nothing less than catastrophic.

Going into 1996, NTID will start with a deficit because we anticipate that costs will increase above the 1995 level by \$3,120,000. This is made up of salary increases averaging 5.1 percent, plus benefits, effective July 1, 1995, that will increase our expenditure level in 1996 by approximately \$2,200,000.¹ In addition, we expect increased charges of about \$500,000 from the Host institution, the Rochester Institute of Technology (RIT), for security, maintenance, dormitory services, food services, health services and overhead. We also proposed increases of \$375,000 to create a graduate program to train teachers of secondary school students who are deaf and \$345,000 to support a market adjustment for interpreters in our

¹ We fully recognize that a 5 percent merit adjustment is a rather high increase in these economic times, but a major study was conducted by a committee of faculty and staff at RIT that clearly indicated that faculty and clerical salaries are substantially below the market rate (professional staff salaries were deemed to be appropriate). The average annual increment that would be necessary to reach the 50th percentile for each rank by the year 2000 was 7.79 percent for full professors, 4.56 percent for associate professors, and 4.22 percent for assistant professors. In order for RIT to reach the weighted average salary for clerical and hourly employees by the year 2000, 5.3 percent per year is needed. Overall, the plan works out to 5.1 percent per year for 5 years and was approved by RIT's Board of Trustees as appropriate and justifiable. These decisions have already been made and we have committed to going forward with it.

request to the Department for 1996. These increases total \$3,420,000. Increased revenue from tuition, room and board of \$300,000 will reduce the expected shortfall to \$3,120,000.

Since 80 percent of NTID's budget relates directly or indirectly to personnel, the majority of actions to reduce the budget must come from that category. The Department's Budget Request for fiscal year 1996 maintains funding at the 1995 appropriation level. For NTID to offset the increases discussed above, we plan to eliminate about 60 positions or 10 percent of our workforce. This will provide approximately \$2,400,000 which will cover the salary, benefit, and RIT increases. However, we would not be able to provide funding for the following:

1. The graduate program to train teachers of secondary school students who are deaf was mentioned in the testimony and described in more detail in the Congressional Justification. The Department did not request funds for this purpose. We plan to proceed with the program, but to make it self supporting, i.e., tuition would be increased to offset cost. This will eliminate the need for \$375,000.
2. The interpreter market adjustment will be eliminated, despite a real and identifiable need to correct a long term inequity. NTID, the world's largest employer of full time salaried interpreters (94), pays substantially less than the market rate. (A national survey, which was included in our submission to the Department of Education, has been submitted for the Committee's files). The Department of Education supported this recommendation in the President's Request. This will eliminate the need for \$345,000.

If we were to receive the President's Request, the above actions would balance our budget. In our efforts to support the President's Budget, we have already begun to implement these actions and believe they are achievable. However, an 8 percent reduction below that level, which would bring our 1996 appropriation to a level equivalent to the amount we received in 1992, will create an additional deficit of approximately \$3,400,000. We believe that the 8 percent reduction would require much more than we will be capable of reducing, given the reductions we described above and the timing of the final decision.

By the time we receive the final decision of Congress, we will likely have already started the next academic year (begins September 1, 1995). The students will be here and the faculty and staff will already have contracts and commitments. At that point, we will have only the following options remaining to us:

1. Eliminate all summer programming for students in 1996, including our Summer Vestibule Program, which is a 3 week program of career sampling, basic skills testing, audiological testing and orientation to college life for new students. The students and we need this time to find appropriate career placements. In addition, it would require the elimination of our Explore Your

Future program, a career sampling experience for 100 high school juniors with college in their futures. The net savings (because we will lose tuition revenue) would be approximately \$815,000.

2. Close the Institute for the summer (July and August of 1996) and furlough all 12 month professional and clerical staff, thereby reducing their salaries by 2/12ths or 16.7 percent. This would save about \$1,157,000, but may be reduced by unemployment claims.
3. It might be possible to eliminate \$300,000 from controllable expenditures like supplies, telephone, computer charges, travel, grant-in-aid to students, etc. However, we plan to reduce those accounts by \$700,000 in 1995. These savings will be reprogrammed to implement initiatives in our Strategic Plan or applied against the proposed rescission of \$799,000 if it is approved. We cannot expect to reduce these accounts much further.
4. We would certainly consider foregoing RIT's next planned merit increase of 5.1 percent next year beginning July 1, 1996. This would present us with serious problems given the fact that NTID employees are paid by RIT and are governed by RIT policies and procedures. The Department of Education issued a legal opinion a couple of years ago on this subject stating that it would not violate RIT's Agreement with the Department of Education to provide increases for NTID employees that differ from those provided by RIT.¹ We have discussed this with the President of RIT, and he is willing to consider it, but feels it an unattractive alternative because NTID employees would receive different increases than RIT employees. The problem, of course, would come from our own faculty and staff. Since this only affects three months of fiscal year 1996 (July, August and September), the savings would only amount to \$300,000.

These options would save about \$2,572,000, which is still approximately \$800,000 less than would be necessary to meet an 8 percent reduction. Like most educational institutions, we have long standing traditions and contractual requirements that limit our ability to respond to crises such as these, especially given the short notice. We have 258 individuals who have tenure or contractual arrangements such that they cannot be terminated without at least a year's notice.

¹ Since early 1990, the Department has stated its position on numerous occasions that RIT should generally administer NTID consistently with the administration of its own programs, but that this does not mean that the Federal Government is legally required to provide increases or salaries for NTID employees equivalent to those provided by RIT. With respect to faculty, NTID uses a different method for determining base salaries, maintains different grade structures, and has different levels and types of courses than RIT. However, staff salaries follow RIT policies and procedures.

Therefore, nearly half of the Institute's personnel is untouchable for fiscal year 1996. As a result, we would need to lay off another 25 positions in October of 1995 from the pool of 250 employees that do not have tenure or contractual claims. We believe this would put us on the brink of financial exigency, so we would explore other avenues available to us with the Department of Education such as taking monies from our endowment to be used for operations.

In summary, we believe the above actions would severely injure the institution and would have a longer term effect on the number of students we could serve. Clearly, we would need to begin to serve fewer students and serve them less well. It seems to us that this is not and should not be the intention of this Committee and the Congress. NTID stands ready to do its part in the resolution of the national deficit problem and is currently demonstrating its commitment to do so. As can be seen from the above actions the students will suffer and so too will the faculty and staff.

NTID is preparing skilled professionals for the nation's workforce. Our research proves that Federal support for NTID is an investment that "pays off". Our graduates return three to four times the original investment to the Federal treasury in the form of taxes when they graduate. Reducing NTID's budget by 8% is a reduction in an investment that has a proven track record of success in economic terms.

NTID was created by Congress to fill a very unique and critical role by providing quality technical education to deaf people, a low incidence disability population. Reducing NTID's resources will result in a reduction of educational services to deaf citizens of this Nation. These students cannot simply return to their home States and pursue similar opportunities. Local and State programs in technical education for the deaf are virtually non-existent. We know State postsecondary programs have proliferated, but they do not offer our specialized curriculum and they do not have a proven track record. We know by their dropout rate (75%) that these local programs are failing to meet the needs of deaf learners. More than 30% of our entering student population are "transfers" from local or State programs and this segment continues to grow. Deaf individuals could not simply go elsewhere and would, therefore, be denied fundamental services and opportunities to become economically productive. NTID is an investment in the future and reducing the investment will result in a loss of productivity that this nation can ill afford.

SAVINGS FROM CONSOLIDATION OF NORTHWEST CAMPUS PROGRAMS

Mr. Porter. Dr. Jordan, please submit for the record a revision of the budget which allocates half of the operating savings estimated from consolidation of operations to budget deficit reduction.

Dr. Jordan. The University estimates that the total amount of savings to be achieved by consolidation of the Northwest Campus programs with programs on the

main campus would be about \$500,000. We have stated that these savings would be used to create a new department of deaf studies and for recruitment of minority students and literacy initiatives. If there were a reduction of \$250,000 in the amount of funds expected from the consolidation, we would proceed with the new department of deaf studies, which would consolidate and expand our deaf studies programs. However, the reduction would reduce our ability to carry out the other two initiatives.

STUDY OF GALLAUDET UNIVERSITY

Mr. Porter. Dr. Heumann and Dr. Jordan, please tell us what actions the University has taken in response to the Departmental review of its budget operations, and are these actions sufficient to establish an efficient and effective budget system?

Dr. Jordan. The Department's consultants were concerned primarily with our budget preparation process, not with our ability to manage our funds. We have always lived within our means. They also felt that more detail should be provided to the Department for monitoring purposes. In response to the recommendations from the Department, we have taken two steps. First, the consultants prepared much more detailed worksheets for use in the preparation and submission of our budget request. We have been using those with the Department now for two years, and I believe that the Department is finding the additional detail very beneficial as they assess our budget requests. Second, we have increased the budget preparation and analysis capabilities of our divisions by placing budget officers in the two major program divisions, Academic Affairs and Precollege Programs. These individuals work closely with the University Budget Director and Controller in the development and monitoring of budgets at the unit level, and they employ the formats prepared by the Department's consultants.

To further increase our ability to monitor cost and program effectiveness, we are also conducting major reviews of programs. We have completed a review of all undergraduate, graduate, research and continuing education programs at the university level and have asked for and received approval from our Board of Trustees to make substantial program reductions. Similar reviews are being or will be conducted in our student services and precollege programs.

As we stated to the Department's consultants, we had a difference in philosophy from them with respect to the best way to develop our internal operating budgets. The consultants felt that we should have a centralized process that treated budget development in all of the institution's divisions according to the same procedures. We had previously had such a process that followed the "zero-based" budgeting approach. It was our feeling that this approach had not been effective in controlling costs. We have been employing an approach in which the divisions have relatively fixed base budgets and are required to carry out their responsibilities within those budgets. In turn, costs are analyzed and monitored centrally to determine reasonableness. This approach helps to limit the bureaucratic costs associated with

budget development. We believe that, in terms of total institutional effectiveness, the results have been impressive.

Ms. Heumann. This study was primarily descriptive in nature. The objective was to assess the availability of information at Gallaudet that could be used to evaluate the effectiveness of the University's budgetary and planning processes, how operational and programmatic priorities are derived, and how well Gallaudet's priorities reflect the Federal mandate for its programs. As Dr. Jordan indicated, one of the reports developed by the contractor was a computerized data shell for the Department to use in requesting annual information from the University as part of the budget process. This reporting system has been used for the past two years and is providing useful information in a consistent format that will allow the Department to more accurately evaluate trends and changes in the budget over time.

In the course of the study, the contractor made a number of observations and recommendations. For example, the study is critical of the budget preparation process at Gallaudet and cites a lack of consistency in the budget process across departments. The report found that the University has a very decentralized budget preparation process and budget requests are typically incremental in nature. The contractor recommended adoption of a centralized budget preparation process, development of more consistent and detailed guidelines and instructions, and preparation of a comprehensive University-wide budget document that would provide the basis for annual monitoring and evaluation. The report also recommended that the University adopt program budgeting to help it identify costs of particular academic and outreach programs and that Gallaudet separately track Federal funds. This study was not intended to be an evaluation of the University. However, the Department shared the report with Gallaudet to assist the University in evaluating and improving its management, planning, and budget functions. The Department also met with the University in April, 1994 to discuss the report's findings and other management issues. We still believe that implementation of the contractor's recommendations would improve the University's budget process.

APH AS A SOLE-SOURCE CONTRACTOR

Mr. Porter. Dr. Tinsley, every year I meet with representatives of the National Federation for the Blind from my district. They have told me over the years that they would like to see Federal funding for the production of materials for the blind awarded on a competitive basis or at least to more than one institution. It seems like a reasonable proposal.

Why do you believe that the American Printing House (APH) should remain in effect a sole-source contractor?

Dr. Tinsley. The legally blind population served through the Act to Promote the Education of the Blind is small, but has very specialized needs. Although the incidence of legally blind students is low, the impact of the vision loss on the

students is high. The vision loss is invasive and specialized educational products are necessary to address the needs of these students. These essential products produced by APH are unique and difficult to produce. Most of these "orphan" products would be unavailable if not produced by APH, because their demand is too limited for them to be of interest to for-profit companies. Without the assurance of a continuing appropriation, APH would not be able to continue to carry as wide a variety of products, including specialized products needed by small portions of the visually impaired student population.

RELATIONSHIP OF APH FUNDING TO STATE REQUIREMENTS

Mr. Porter. Dr. Tinsley, the APH is funded primarily through sources of revenue other than the direct appropriation from this subcommittee. About one-third of the budget comes from this appropriation, about one-third from other Federal contracts, and about one-third from private sources, mostly sales.

In a certain sense, one can argue that this appropriation helps fund the mandate that the Federal Government has placed on States to provide appropriate education for all individuals, including those with visual impairments.

In your view, is this the sole, or primary, justification for Federal funding of the Printing House?

Dr. Tinsley. Though extremely important, funding the mandate for providing a free appropriate public education for all individuals is not the sole justification for Federal funding of APH through the Act. The Act allows APH to provide "orphan" products essential to the education of blind students. However, decisions and procedures regarding the selection, purchase, distribution, and recirculation of these products reside at the State and local levels.

EFFECT OF PROVIDING APH FUNDS DIRECTLY TO STATES

Mr. Porter. Why shouldn't we, then, just allocate the funding directly to the States and let them choose who they will purchase materials from? If APH is the best alternative, the States would continue to purchase its products. If there are better alternatives, they could take advantage of them.

Dr. Tinsley. In partial response to the question posed here, reference is made to the study prepared for the U.S. Department of Education (1991) by Pelavin Associates, Inc. entitled Study of the American Printing House for the Blind: Final Report. This report was commissioned by the Department of Education to study the administration of the Act by APH. A part of "The Summary of Findings" (pp. 62-64) addressing these concerns has been placed in the Committee's files. The results of the study (1) support administration of the Act by APH and (2) found that most ex officio trustees, who are required by the Act for purposes of administering it, believe their purposes are best served by having APH administer the Act.

Pertinent points that must be kept in mind are as follows:

1. The products produced by APH and made available through the appropriation of the Act are not available elsewhere. These "orphan" products would not be options for States and local programs if the current structure for administration of the Act were not in place.
2. Research indicates that 70% to 90% of learning occurs through visual input. It is the mission of APH and purpose of the Act to create and distribute products that effectively and appropriately address the gaps caused by vision loss. Without these essential materials, the appropriate and effective education of visually impaired students would be critically eroded.
3. All products sold that are eligible for purchase using quota funds are otherwise unavailable and are approved by one of two advisory committees composed of ex officio trustees. This assures that Federal funds designated for use in purchasing unique materials are, in fact, used for that purpose. It provides a control on the use of funds that would be lost if they were not administered by a sole source.
4. Funds appropriated under the Act are not the only monies States have available for the purchase of special materials for legally blind students. APH conducts a biennial survey of its ex officio trustees relative to products and services. One question on this survey queries sources of monies used for purchasing educational materials for visually impaired students. Results of the 1994 survey indicated that 44.6% of such purchases were made using quota funds. The implication is that other Federal, State and local funds are available to most programs for the purchase of needed materials from vendors other than APH.

NTID'S GRADUATION RATE

Mr. Porter: Dr. DeCaro, the budget justification estimates a graduation rate for 1996 of 52 percent. How is that calculated?

Dr. DeCaro: Graduation rates for NTID students are calculated using a cohort survival method. Rates are calculated by tracking groups of entering students over a set period of time (in our case a minimum of 7 years), and then determining the status of students after that minimum time. By way of illustration, 51 percent of students entering during the ten year period from 1978 to 1987 have graduated, one percent continue (as of Fall 1994) to be registered, and 48 percent have withdrawn without completing a degree. Our assumption is that the one percent who continue to be registered will graduate with a degree. If this is the case, then we estimate that our current graduation rate to be 52 percent of an entering cohort. The table below provides a summary of the entering cohorts from 1978 to 1987.

<u>ENTRY YEAR</u>	<u>WITHDREW</u>	<u>GRADUATED</u>	<u>REGISTERED</u>
1978	42%	57%	1%
1979	46%	54%	---
1980	43%	57%	---
1981	47%	53%	---
1982	50%	50%	---
1983	48%	51%	1%
1984	51%	49%	---
1985	50%	48%	2%
1986	44%	55%	1%
1987	<u>49%</u>	<u>48%</u>	<u>3%</u>
AVERAGE	48%	51%	1%

We infer from this question and the ensuing questions that the Committee is concerned about the graduation rate at NTID. Let me put our 52 percent in context. The reality of postsecondary education generally is that graduation rates are well below what one would desire. This is true of programs serving primarily non-disabled students, who are generally well prepared for college. For example, other colleges with liberal or open admission policies have average graduation rates of approximately 52 percent (Beal and Noel, 1980), approximately the same as the rate at NTID. We recognize that the study references is out of date, but that is all that is available in the literature. However, U.S. News and World Report publishes an annual report of "America's Best Colleges." In its 1995 report, the Overall placement rate of the leaders among 227 comprehensive institutions was 59 percent. (A copy of this report has been submitted for the Committee's files). These include Harvard, Yale, Princeton and Stanford among the top 25, which are the most selective institutions in America. If one considers the Tier Three schools, ranked 115th to 171st, all very good schools by any measure, the graduation rate is 50 percent. Tier Four schools, ranked 172nd to 227th, average 40 percent. These data are intended to provide the Committee with a general frame of reference. These are not the kind of institutions NTID should be compared to as they are highly selective as a group. However, given the entry competencies of deaf students, the NTID

completion rate is nothing short of extraordinary when compared to these selective schools. Parenthetically, it should be noted that deaf baccalaureate students at RIT graduate at the same rate (61 percent) as do their hearing peers even though their entry Level competencies lag well behind their peers who hear.

When one considers that NTID serves a population of students who are deaf with traditionally low levels of academic readiness for college (only one fourth of deaf high school graduates read at the fifth grade level or above) then it is fairly obvious that a large number of deaf students are enrolling in colleges with very limited skills (Allen, 1994). We have data that show only 25 percent of deaf students attending 150 community colleges with identifiable programs for deaf students eventually graduate.

To better understand the challenge we face, it is important to point out that students entering NTID have overall reading levels between the 7th and 8th grade, well below hearing students entering the Rochester Institute of Technology. It is also to be noted that 90 percent of students entering NTID would never, on a competitive basis, gain admission to major programs of study in other colleges and universities, such as the ones reported above. To illustrate this, we use the results of the Michigan Test of Language Proficiency. It is a standardized test designed for use in estimating whether a student, whose native language is not English, is able to pursue academic study in an English language college or university, and how much study the student might be able to undertake at his or her present level of proficiency in English. The test is a 100 item objectively scored test of English grammatical usage, vocabulary and reading comprehension. Individuals generally scoring below 70 are not considered proficient enough in English to take any college level academic work. The Table below shows the average entering Michigan scores for students who completed degrees at NTID during the last five years.

<u>DEGREE</u>	<u>NUMBER</u>	<u>PERCENT</u>	<u>MICHIGAN</u>
MASTER'S	16	1%	92
BACHELOR	247	29%	79
SUB-BACHELOR	<u>600</u>	<u>70%</u>	<u>65</u>
TOTAL	863	100%	68

On average these degree completers scored 68 on the Michigan Test. Deaf students receiving Master degrees scored 92, comparable to master level students nationally. Students receiving BS degrees averaged 79 at entry, a score which would result in them taking up to 1/2 of a full academic load in addition to intensive remedial English work in a traditional college or university. Those deaf students receiving sub-baccalaureate degrees (Associate or Diploma) from NTID averaged only 65, a score which means they would be judged as not proficient enough to take

any academic work at a traditional college. Despite these low scores, and as a result of programming at NTID, these students were able to complete the academic work necessary to achieve a college degree. These students represent 52 percent of their entering class -- about the average rate for hearing students entering colleges in the United States.

The curriculum at NTID provides the support necessary for students to simultaneously improve their basic skills in the areas of English and mathematics while developing technical competencies in visual communications, engineering technology or business. This approach permits significant numbers of these underprepared students to graduate with diplomas and associates degrees and increasingly to compete on a par with their hearing peers at the baccalaureate and graduate level.

Given all of the above, this is no small achievement. We do, however, want to assure the Committee that we are not satisfied with 52 percent and are doing everything in our power to improve it. Three years ago, we established a retention committee specifically to study the underlying causes of attrition. The committee found that the major reason students withdraw from NTID is their inability to select a program of study. Approximately 23 percent leave after the first year and a total of 38 percent after two years. The Institute believes that this is because the inability of students to select a program of study profoundly affects students' ability to integrate into the college environment. A variety of current initiatives focus on persistence, including bridging and sampling courses, counseling and psychological services, and early warning and prescriptive programming. However, the committee found a need for better sharing of information among NTID's departments. Based on the recommendations of the committee, NTID established action-oriented retention committees in each academic area to monitor retention figures, assess programming for high-risk students, administer exit interviews, and recommend changes in programs and services to improve the quality of the teaching/learning environment. These have now been collapsed into an NTID-wide committee. Nine other institute-wide projects have been undertaken, including a seminar designed to help students improve learning skills, the purchase of captioned entertainment films as an experimental effort to teach vocabulary, and requiring all students to take the Freshman Seminar course.

In addition, our Strategic Plan recognized retention as a very important priority for the future and we are moving forward with a number of strategies that we think will improve it. However, we recognize that this will be a major challenge given the resources we have. One example is to design and implement a "First Year Experiences" program aimed at under prepared students with the intention of expanding the time we have available for remediation and career selection. We have a lot of time, effort and intellectual capital invested in this activity, and hope we will continue to have the resources necessary to make it a reality.

NTID'S PLACEMENT RATE

Mr. Porter: Dr. DeCaro, the budget estimates a permanent placement rate of graduates of 67%. Is this an acceptable level of placement, and what recommendations does the strategic plan make in this regard?

Dr. DeCaro: The placement rate of 67 percent ignores the fact that 33 percent of our students who graduate choose to further their education at RIT or elsewhere, become homemakers or to be idle temporarily to travel or whatever. Therefore, the 67 percent does not accurately reflect NTID's placement rate, which has always been calculated using the same methodology as the Bureau of Labor Statistics (BLS) uses in its Current Population Survey (household survey), which provides information on the labor force, employment, and unemployment. As the BLS defines it, "The civilian labor force is the sum of employed and unemployed persons. Those not classified as employed or unemployed are not in the labor force. The unemployment rate is the number unemployed as a percent of the labor force. The labor force participation rate is the labor force as a percent of the population...."

NTID's labor force is the sum of those graduates who are employed and those who "want" to be employed. Those who do not "want" to be employed because they choose to continue to pursue bachelor's and master's degrees at the Rochester Institute of Technology or at some other institution of higher education, or choose to become homemakers, or to be idle temporarily while traveling, etc. are not in the labor force. Last year, 193 students graduated and 135 chose to enter the labor force. One hundred and thirty one (131) were placed in jobs commensurate with their education, while four (4) were unable to find employment. Therefore, 70 percent (135/193) entered the labor force and 97 percent (131/135) were placed. Conversely, the unemployment rate was 3 percent. Historically, NTID's employment rate as calculated above is 95 percent, a fact that is not only acceptable to us, but rather, is something we are extremely proud of. In fact, our Strategic Plan addressed placement very simply: "to maintain historical placement rates". Of the 58 students who did not enter the labor force, 50 (86 percent) are continuing their education towards advanced degrees either at RIT (62 percent) or elsewhere. We are also proud of this accomplishment because we know that students who achieve advanced degrees will earn more and their salaries will be essentially equivalent to the salaries earned by their peers who hear.

OVERALL SUCCESS RATE FOR NTID STUDENTS

Mr. Porter: Dr. DeCaro, the budget suggests that only 35% of students who enroll at NTID will be permanently placed in jobs following graduation. Is this an acceptable level of placement, how does it compare to comparable technical schools, and what strategies is NTID pursuing to raise the rate of placement?

Dr. DeCaro: As described in the testimony, the 35 percent figure was derived by assuming that since 52 percent graduate and only 67 percent of those are placed, an entering student has only a 35 percent chance of ending up with a job following graduation. As we have pointed out, the 52 percent is comparable to other colleges and universities around the country and is quite remarkable given the level of academic preparation of NTID's students. As described in the answer to the previous question, we cannot force employment on those who choose not to enter the labor force. Since most of those are continuing their education, and since NTID's historical placement rate is 95 percent of those who graduate and enter the labor force (those who continue for bachelor's and master's degrees are our most able students and their chances of graduating are very high), one could recalculate the percentage posed in the question to be 49 percent (52 percent x 95 percent).

By comparison with other colleges and universities, this percentage should exceed nearly all of them. We know that our graduation rate is in the average range and our employment rate is well above that of educational institutions we have seen on the subject of employment after graduation. Most colleges do not even keep that statistic, because they don't have the same level of commitment to the student after graduation that NTID has by virtue of its mission. Our mission statement clearly states that our responsibility to the student is unfinished until the graduating student is employed.

NTID is so successful in the placement of its graduates because it uses a number of strategies with students and employers that are quite unique and are as follows:

1. Students have required cooperative work experiences intended to introduce them to the world of work, while allowing employers to see their skills firsthand and to evaluate them for potential employment after graduation. In fiscal year 1994, 257 students were enrolled in cooperative work experiences.

These same co-op students and their supervisors are visited in the workplace. This enables faculty and employment advisors to gather valuable information about the kinds of skills needed by today's workforce and how we could better prepare employers to work with their deaf employees, and the opportunity to resolve any workplace problems with student and supervisor before it's too late. In fiscal year 1994, 47 students were visited by 14 faculty and staff in 22 metropolitan areas across the U.S.

2. Students are required to take a credit-bearing course called "Job Search" that teaches them how to develop a resume and cover letter, how to develop a list of employer contacts, how to fill out an application and how to interview. In fiscal year 1994, 173 students were enrolled in the job search courses.

3. NTID works very closely with employers to develop an understanding of deafness and its implications in the workplace. Toward that end, NTID offers the following workshops for current or potential employers:
 - a. "WORKING TOGETHER" - A half-day interactive, experiential workshop that offers participants an understanding of hearing loss and deaf culture and fosters the sensitivity and skills needed to create an environment in which deaf and hearing people communicate and work together effectively and productively. In fiscal year 1994 15 Working Together workshops were offered to a total of 295 employer representatives. In addition, 3 modified working together workshops were presented to 33 school personnel who work with deaf high school students.
 - b. "TRAIN THE TRAINER" - A full day workshop that prepares participants to present the Working Together workshop to colleagues within their organizations as well as to other employers in their communities. In fiscal year 1994, two train the trainer workshops were offered to a total of 12 employers and deaf service representatives.

In addition, one-on-one problem solving consultation in the workplace is provided on an as-needed basis. Its purpose is to provide individual attention before, during and after the hire that assists in making workplace accommodations, facilitating the process of filing for tax incentives for hiring disabled employees, and assisting in career planning for deaf employees.

Last, NTID provides formal training programs to assist former graduates in improving their careers. "Climbing the Career Ladder" is a 3 1/2 hour workshop that provides career enhancement strategies for deaf professionals. In fiscal year 1994 four climbing the career ladder workshops were presented to a total of 42 deaf professionals.

GRADUATION RATE AT GALLAUDET

Mr. Porter. Dr. Jordan, what is the graduation rate for students enrolling in the university?

Dr. Jordan. We estimate the graduation rate for entering undergraduates at 40%. The following table explains our method of estimation:

Estimated Graduation Rates for Gallaudet Entering Undergraduates 1980-1988
(Assuming Completion Time of 6 Years)

Estimated Number of Undergraduate Students Entering Gallaudet			Number of Students Receiving Bachelor's Degrees from Gallaudet		Graduation Rate ¹	
Fall	1980	297	Spring	1986	102	34.34%
	1981	294		1987	147	50.00%
	1982	311		1988	131	42.12%
	1983	430		1989	177	41.16%
	1984	581		1990	184	31.67%
	1985	541		1991	204	37.71%
	1986	553		1992	221	39.96%
	1987	541		1993	239	44.18%
	1988	542		1994	229	42.25%
AVERAGE						40.38%

EMPLOYMENT RATE FOR GALLAUDET GRADUATES

Mr. Porter. Dr. Jordan, what is the rate of placement in permanent employment of graduating University students?

Dr. Jordan. Gallaudet is primarily a liberal arts institution. Therefore, we prepare our students both for careers after graduation and for further education. We conduct two kinds of surveys to assess the activities of students after graduation: An annual placement survey of students who graduated approximately one year earlier, and a survey of all alumni that is conducted approximately every ten years.

¹ NOTE: Graduation rates are calculated by dividing the number of graduates in one year by the number of entering students six years previously. Consistent with other universities, Gallaudet students are taking longer to complete baccalaureate studies. Because of irregularities in the number of entering students, and varying lengths of time to completion, no trends can be inferred from these data. The average graduation rate estimated over the full period is an accurate reflection of the current graduation rate.

During the past several years, we have found that an average of approximately 90% of recent bachelor's degree recipients are either working or in graduate school one year after graduation.

More important from our perspective is the long term career progress of graduates. In the most recent survey of all alumni, we found that only 4% of undergraduate degree holders and only 2% of graduate degree holders were unemployed and looking for work. We found, moreover, that 51% of responding former undergraduates had obtained advanced degrees. Among Gallaudet undergraduate degree holders, 66% held executive, professional, or managerial positions compared to 50% in a national sample of undergraduate degree holders. An additional 17% of the Gallaudet graduates held technical, sales, or administrative support positions compared to 25% in the national sample.

The Alumni survey was released in November, 1993 and covered members of every class from 1923 to 1991. Of all alumni contacted, 4,278, or 55 percent, responded. More than half of the respondents were recent graduates from the classes of 1976 to 1991. The median age of all respondents was 42 years old, 58 percent were women, and 92 percent were white, non-Hispanic. Of those who attended Gallaudet as undergraduates, 98 percent were deaf or hard of hearing. In the graduate level population, 30 percent reported being deaf or hard of hearing.

Mr. Porter. Dr. Jordan, are these figures satisfactory, and how is the University strategically planning for improvement?

Dr. Jordan. I am not satisfied with the graduation statistics, although I must preface that statement by pointing out that we have always considered it part of our mission to provide opportunities for students who must be considered at risk of failure. Because of their deafness, we have many very bright students who must upgrade their skills in written English before they can succeed in our undergraduate program, and many do not succeed. It is also the case that our graduation rate is comparable to national averages for colleges and universities at various levels of selectivity.

In order to improve our retention and graduation rates, I have appointed a member of the faculty to oversee all retention efforts. This faculty member's primary goal is to increase coordination among faculty and the various units, including residence life personnel and tutorial services, that have a direct impact on retention. We have been monitoring retention rates closely by class during the past several years and know that the bulk of attrition occurs during the first two years of enrollment. Therefore, we are concentrating many of our efforts on the freshman year, by developing programs directed particularly at first year students.

I believe that the performance of our graduates in the work force and in further education is very impressive. However, we also have programs in place that are designed to improve these statistics as well. Our career center works intensively

with students to prepare them for job interviews and to help them develop resumes. We also have a program called Experiential Programs Off-Campus that places students who are currently enrolled in cooperative work experiences. The goal of this program is to give students practical work experiences in settings like those they will encounter when they graduate from the University.

ENDOWMENT PLAN FOR GALLAUDET UNIVERSITY

Mr. Porter. Dr. Jordan and Ms. Heumann, has the University or the Department developed a strategic endowment plan with appropriations targets to achieve independence of direct Federal appropriation?

Dr. Jordan. No, we have not developed such a plan. In order to replace the Federal appropriation we currently receive with income from endowments, we would have to increase our current endowment of \$46 million approximately twenty-fold.

Ms. Heumann. The Department supports the general goals of the Endowment Grant program, which are to help promote the financial independence of the University and give Gallaudet a permanent and increasing source of funds for enrichment activities and special projects. However, we do not believe that it is feasible to appropriate enough funds to create an endowment of sufficient size to be viable as a substitute for the direct appropriation, given the budget constraints at this time.

Mr. Porter. Should the Department develop such a plan?

Dr. Jordan. We would be pleased to discuss the feasibility of developing such a plan with the Department. However, as I noted in my previous response, the amount of funding needed to replace the annual appropriation and maintain current operations would be very large.

FEDERAL ROLE FOR GALLAUDET UNIVERSITY

Mr. Stokes. According to your opening statement, compared to national norms high percentages of Gallaudet alumni hold executive, professional and managerial positions, and half of the University's former undergraduates earn advanced degrees. While most Americans consider education to be a wise investment, others continue to question the value of the investment and propose to reduce it, from Head Start to financial aid. How would you respond to this negative attitude with respect to investments in education? More specifically, why must the Federal role in Gallaudet University continue?

Dr. Jordan. In my opening statement, I pointed out that Gallaudet was created by Congress, with the support of President Lincoln, in 1864 to provide the same opportunity for deaf citizens that the land grant universities would provide for all other citizens. The rationale for a national, Federally supported higher education

institution for deaf people was that the population it served was relatively small and dispersed throughout the States. Moreover, in their instructional programs, deaf students needed faculty who were specially trained to communicate in a visual medium. Individual States were not in a position to establish effective colleges and universities for deaf students, and because of economies of scale, it made more sense to establish a national university. This continues to be the case. Although deaf students can now attend many other colleges and universities and receive interpreting and other support services, our data indicate that it is still very difficult for them to complete degrees. For example, in a recent survey of such programs conducted by Gallaudet and NTID it was found that 57% of the bachelor's degrees awarded to deaf students were still awarded at Gallaudet.

Because of Gallaudet, deaf people in the United States participate in the life of the Nation to a degree that is unknown by deaf people in other countries. In the United States the deaf community has educated leaders who work as teachers, professionals, and executives. This leadership group, largely educated at Gallaudet, provides role models for young deaf students--showing them what is possible for other deaf people to achieve in this country.

VISION IMPLEMENTATION PLAN AT GALLAUDET

Mr. Stokes. The University informed the subcommittee last year that it would engage in the development of a long range plan. Having completed the development of the plan entitled the "vision implementation plan," what are the most significant components of the plan and how would the plan be used operationally?

Dr. Jordan. The Vision Implementation Plan (VIP) was a review of all programs in our Division of Academic Affairs, including all undergraduate, graduate, research, and continuing education programs. The committee charged with conducting the review was instructed to make recommendations concerning programs that could be discontinued, programs that could be merged, and programs that could be enhanced. The overall goals of the review were to improve the quality of the programs offered by the University and the efficiency with which they are delivered.

The Board of Trustees approved a number of recommendations at its February meeting. These recommendations were presented as general concepts with the expectation that internal planning and implementation teams will work out details such as organization structures and resources. The most important recommendations concerned the organization of developmental and general studies for undergraduates--the University will close its School of Preparatory Studies (coincident with closure of the Northwest Campus) and will consolidate all developmental and pre-major studies in a School of General Studies at the main campus. In addition, we will be consolidating the administration of graduate programs and will be discontinuing several undergraduate majors and several small offices and programs. Research and

continuing education programs will undergo major reorganizations, with an eye to reducing administrative structures. An important aspect of the reorganization of research programs will be to increase the integration of research and instruction.

In addition to these major recommendations, there were other more minor ones dealing with departmental mergers. In order to operationalize these recommendations, the Vice President for Academic Affairs has established a number of working groups to address the specific recommendations.

GALLAUDET PLAN FOR PRECOLLEGE RESEARCH PRIORITIES

Mr. Stokes. The national panel convened by the University in conjunction with the Education of the Deaf Act Amendments of 1992 has recommended research, development, and demonstrations in a number of areas. Would you highlight for the subcommittee what these major initiatives are and the projected benefits to be achieved from implementing them?

Dr. Jordan. The Education of the Deaf Act Amendments require that the University establish a plan for the national mission activities of its Pre-College Programs involving public participation. In December of last year, we convened a National Advisory Panel to advise us on the highest priorities for research, development, and demonstration within the field of deaf education. This panel, which comprised representatives of the major constituencies and educational settings that the Pre-College programs are required to serve, recommended three principal priorities for research, development, and demonstration. These priorities are as follows: To enhance the literacy skills of deaf and hard of hearing children; to improve the education of families with respect to raising and educating a deaf or hard of hearing child; and to improve the transition of deaf students from school to the world of work or higher education. We are currently preparing to publish and disseminate a plan based on these priorities.

Through its network of Educational Resource Centers on Deafness (ERCs), Pre-College Programs identified a variety of specific needs: Parent education, including information to help parents make informed choices; information on what to do with a deaf child in programs with a small number of deaf children; how to determine quality, improve quantity, and define the roles of interpreters in the classroom; programming for children with multiple disabilities; development and evaluation of the sign language skills of teachers; and support service professionals who are knowledgeable about deaf and hard of hearing children. It can be seen that research or program development in each of these areas would support the three overarching priorities identified by the National Advisory Panel.

The primary purpose of Gallaudet's Pre-College Programs is to develop, evaluate, and disseminate innovative curricula, materials and instructional techniques that can be used in various educational environments for students with a broad spectrum of needs. Curriculum development and outreach personnel in Pre-College

Programs have identified several projects that are currently being disseminated or that are ready for dissemination which respond to the priorities and needs enumerated above. Projects, such as the following, meet these criteria: Project ALIVE! (literacy development through interactive video); Employment Education component from the Special Opportunities Program; transition to higher education in the Postsecondary Enrichment Program (PEP); information on Parent's Rights and other information related to the IEP Process; Portfolios for assessing literacy achievement at MSSD; whole language strategies for improving reading; and family approaches to mathematics achievement. In addition, there are popular products already in print, such as "Deaf Studies Curriculum," "There's A Hearing Impaired Child in My Class," "What is An Audiogram," "Access for All," and "PreReading Strategies" that are being disseminated by the Pre-College Programs. Although these products and programs are currently being disseminated, there is an ongoing need for evaluation of their effectiveness when applied to target populations and of the effectiveness of dissemination strategies that are being used to deliver them to these populations.

The Pre-College Programs are also working with the Gallaudet Research Institute on the development of research strategies for assessing the quality and quantity of communication within the classroom and the impact of this communication on the development of literacy skills in young children. These research methods and findings will eventually be applicable in other programs and settings.

All across the country, schools and programs have developed promising practices. What has been missing is recognition of what these programs are doing and ways to share information easily and cost effectively. Pre-College personnel will be involved in planning to identify, evaluate, and disseminate information about exemplary programs. The benefit to the field of deaf education will be to make information about successful practices much more widely available.

ENROLLMENT, RETENTION, AND GRADUATION RATES AT GALLAUDET

Mr. Stokes. What has been the trend in student enrollment, retention, and graduation over the last five to ten years at the University?

Dr. Jordan. Information on undergraduate retention and graduation rates is presented in the response to a question from Mr. Porter. In addition, we award about 100 graduate degrees annually. Information on enrollments follows:

GALLAUDET UNIVERSITY ENROLLMENT HISTORY

Academic Years 1985-86 to 1994-95

	UNDERGRADS	GRADUATES	NON-DEGREE	EXTENSION	TOTAL
1985-86	1,536	308	212	72	2,128
1986-87	1,657	325	151	73	2,206
1987-88	1,747	301	164	75	2,287
1988-89	1,861	304	151	75	2,391
1989-90	1,859	326	113	75	2,373
1990-91	1,845	368	116	75	2,404
1991-92	1,720	340	130	75	2,265
1992-93	1,787	357	79	64	2,287
1993-94	1,660	371	102	68	2,201
1994-95	1,602	372	112	89	2,175

USE OF TECHNOLOGY AT GALLAUDET

Mr. Stokes. The information superhighway has become a prime topic of interest and investment across the Nation. To what extent is the University involved in the information superhighway, and what are the benefits to be achieved by this involvement?

Dr. Jordan. Gallaudet University is an active participant in the explosion of knowledge-based services appearing on the U.S. Internet. Beginning with assistance from a National Science Foundation grant in 1986, Gallaudet has been an early electronic member of the U.S. Internet community. Since that time, Gallaudet has continued to grow as both a provider of information and as a consumer of network-based services. With additional institutional support over the past two years, Gallaudet now offers both GOPHER and World-Wide-Web access to Research and Library materials specifically related to deafness. Pre-College Programs provides access to science materials at MSSD. Therefore, Deaf constituencies outside of Washington, D.C. are able to take advantage of resources on our campus.

Gallaudet also continues to be a substantial consumer of information superhighway services precisely because of the emphasis on visual presentation found in world-wide-web tools such as MOSAIC and Netscape. The Information Superhighway offers a unique opportunity for individuals who are deaf or hard of hearing, and Gallaudet intends to continue supporting these special opportunities.

GALLAUDET'S RELATIONSHIP TO THE DISTRICT OF COLUMBIA

Mr. Stokes. The District of Columbia is currently facing a number of fiscal and related problems. How does what is happening to the District of Columbia affect the University?

Dr. Jordan. We are dependent upon the District for several vital services, including public safety (police and fire department), water and sanitation, maintenance of streets leading to and from the campus, various kinds of licensure, issuing of construction permits, and building inspections. Any reductions in these services could have an impact on our ability to function safely and effectively.

DIRECT STUDENT LOAN PROGRAM AT GALLAUDET

Mr. Stokes. The Direct Student Loan Program is a streamlined student loan system that replaces the Federal Family Education Loan Program formerly known as the Guaranteed Student Loan Program system. To what extent is the University participating in this program?

Dr. Jordan. We are currently engaged in internal discussions concerning our participation. However, we expect to begin participating by the fall of 1996.

TUESDAY, MARCH 7, 1995.

OFFICE OF THE INSPECTOR GENERAL

WITNESSES

GRETCHEN C. SCHWARZ, ACTING INSPECTOR GENERAL

JOHN P. HIGGINS, JR., ASSISTANT INSPECTOR GENERAL FOR PLANNING, ANALYSIS AND MANAGEMENT SERVICES

STEVEN A. McNAMARA, ASSISTANT INSPECTOR GENERAL FOR AUDIT SERVICES

DIANNE G. VAN RIPER, ASSISTANT INSPECTOR GENERAL FOR INVESTIGATIVE SERVICES

THOMAS P. SKELLY, DIRECTOR, BUDGET SYSTEMS DIVISION, BUDGET SERVICE

Mr. PORTER. Ms. Schwarz, let me apologize to you and the staff you brought with you. We had a meeting that carried over and then we had a series of votes. We apologize for the delay.

Ms. SCHWARZ. First I'd like to introduce my colleagues.

INTRODUCTION OF WITNESSES

From your right, John Higgins, Jr., our Assistant Inspector General for Policy, Planning, Analysis and Management Services; Dianne Van Riper, our Assistant Inspector General for Investigations; Steve McNamara, our Assistant Inspector for Audit; and you know Tom Skelly.

Mr. PORTER. Thank you.

OPENING STATEMENT

Ms. SCHWARZ. I'd like to just briefly summarize my statement and submit the full statement for the record.

Thank you for the opportunity to be with you today to discuss our fiscal year 1996 budget request to support salaries and expenses for the Office of Inspector General.

The OIG was created under the Inspector General Act of 1978, to prevent and detect fraud, waste and abuse in and improve the economy, efficiency and effectiveness of education programs and operations. These responsibilities are carried out by staff in headquarters and in regional offices and by contracts with independent certified public accountants.

Based on our audit, investigation, inspection and other activities, the OIG provides independent and objective information, advice and recommendations to Department managers, the Congress and others to promote the efficiency and effectiveness of ED programs and activities. In addition, OIG efforts detect fraud, waste and abuse, and by working with Departmental managers, criminal and civil enforcement officials and others, OIG identifies and rec-

ommends appropriate sanctions and measures to prevent future problems.

In 1996, our major emphasis will continue to be on program improvement and program integrity. Program improvement efforts will involve recommending internal controls and other measures to help ensure program effectiveness and efficiency. Program integrity efforts will involve identifying criminal activity and other abuses in Departmental programs and recommending ways to prevent such abuses.

Activities planned to address our program improvement goal will focus on high priority and high risk Department activities. These efforts will place special emphasis on performance audits primarily relating to student financial assistance, including the direct loan program, Goals 2000, financial management systems, and programs scheduled for reauthorization.

Activities planned to address our second major goal of improving program integrity include the conduct of high-impact investigations, inspections and audits, and recommendations for prevention of problems identified in these efforts.

Our investigative efforts will focus on allegations of fraud in student aid programs by participating occupational, vocational, trade and technical schools; on conducting asset forfeiture activities to recoup monies illegally obtained through program fraud; and on the conduct of investigations of major players in the SFA programs such as lenders, guaranty agencies and secondary markets. Inspection and audit activities relating to improving program integrity will focus primarily on schools participating in the SFA programs and on activities of guaranty agencies, as the FFEL program phases down.

For 1996, we are requesting \$34,000,000, an increase of \$3,600,000 above 1995, and 360 full-time equivalent positions, 5 lower than the 1995 level. This FTE reduction supports the Department's overall streamlining efforts as outlined in the streamlining plan approved by OMB.

More than \$1,700,000 of the net increase is to support salary costs at the proposed staff level, annualization of the 1995 pay raise and locality pay, proposed 1996 pay raise costs, increased benefits, and, as required by the Treasury, Postal Service and General Appropriations Act, law enforcement availability pay for investigators.

The remaining \$1,900,000 is for non-personnel costs. Approximately \$1,500,000 of this amount will allow us to contract with independent public accounts for the performance of audits of the Department's financial statements as required by the Government Management Reform Act. The net balance of \$431,000 is to cover OIG's share of the Department's centralized services.

In 1994, OIG audits questioned a total of \$16,000,000 and recommended better use of \$177,000,000. OIG investigations led to 135 indictments and 128 convictions, \$6,000,000 in restitutions ordered, \$1,400,000 in civil settlements and recoveries of \$8,000,000.

To help improve ED programs up front, OIG staff provided advisory assistance to Department managers in the development of the Federal Direct Student Loan Program, chartering an inter-disciplinary advisory committee to provide planning, implementation, and

follow-through to help ensure the appropriate controls inside the system. Strong financial management and accountability are critical for effective overall management; thus OIG continues to work with the Department to improve financial management.

In June of 1994, OIG and GAO completed the audit of the FFEL program financial statements. Also in 1994, OIG auditors and investigators began a concerted effort to improve program integrity by identifying and pursuing significant and highly visible cases involving the fraudulent use of ED funds.

Mr. Chairman, this concludes my statement. My colleagues and I will be happy to respond to any questions you have.

[Ms. Schwarz' prepared statement and biography follow:]

Statement of

Gretchen C. Schwarz
Acting Inspector General

Before the

Subcommittee on Labor,
Health and Human Services
and Education

Committee on Appropriations
United States House of Representatives

Regarding

U.S. Department of Education
Office of Inspector General
FISCAL YEAR 1996 BUDGET REQUEST

Mr. Chairman and Members of the Subcommittee,

Thank you for the opportunity to meet with you today to discuss our Fiscal Year (FY) 1996 budget request to support salaries and expenses of the Office of Inspector General.

The Office of Inspector General (OIG) was created under the Inspector General Act of 1978, as amended, to prevent and detect fraud, waste and abuse in and improve the economy, efficiency and effectiveness of Education Department (ED) programs and operations. These responsibilities are carried out by staff in headquarters and in regional offices and by contracts with independent certified public accountants.

Based on our audit, investigation, inspection and other activities, the Office of Inspector General provides independent and objective information, advice and recommendations to Department managers, the Congress and others to promote the efficiency and effectiveness of ED programs and activities. In addition, OIG efforts detect fraud, waste and abuse, and, by working with Departmental managers, criminal and civil enforcement authorities and others, OIG identifies and recommends appropriate sanctions and measures to prevent future problems.

Recipients and users of OIG products, regarded as our "customers," include officials of the Department of Education, members and staff of the Congress and others, such as officials of the law enforcement community. While these are the direct users of our products and services, we recognize that we are first and foremost serving the taxpayers and the Department's most important customers—learners of all ages.

1996 Efforts and Priorities

In 1996, our major emphasis will continue to be on program improvement and program integrity. The first will involve recommending internal controls and other measures to help ensure program effectiveness and efficiency; the second will involve identifying criminal activity and other abuses in Departmental programs and operations and recommending ways to prevent such abuses.

Activities planned to address our program improvement goal will focus on high-priority and high-risk Department programs and activities. These efforts will place special emphasis on performance audits primarily relating to student financial assistance (SFA), Goals 2000, financial management systems, and programs scheduled for reauthorization. Our work planned for the new Direct Loan program includes the areas of loan origination, loan servicing, the accuracy of Direct Loan management information system data, and the Direct Loan Accounting System.

In FY 1996, we plan to conduct reviews to help ensure accountability, integrity and the achievement of desired results in Goals 2000 and related programs under the Improving America's Schools Act with a minimum of intrusive, expensive and ineffectual regulations. We will also be continuing our work to substantially revise the *Single Audit Compliance Supplement for U.S. Department of Education Programs*. The Compliance

Supplement outlines the specific compliance requirements which non-Federal auditors (i.e., independent public accountants or State/local auditors) test with respect to major Federal programs when they perform "single" audits of State and local entities under the Single Audit Act of 1984.

Financial management within ED continues to be a high-priority area. In 1996, we will perform a Department-wide financial statement audit, as required by the Chief Financial Officers Act of 1990 (CFO Act) and the Government Management and Reform Act of 1994. In addition, we will develop and provide recommendations to strengthen the internal controls of program operations and related financial management systems Department-wide.

Our plans for 1996 include reviews designed to provide sufficient and relevant data to aid the Department and the Congress in improving major programs scheduled for reauthorization during the next several years. For instance, in 1996 we plan to complete our reviews of the Vocational Rehabilitation programs that are to be reauthorized in 1997.

Activities planned to address our second major goal of improving program integrity include the conduct of high-impact investigations, inspections and audits, and recommendations for prevention of problems identified in these efforts.

Our investigative efforts will focus on the conduct of investigations of allegations of fraud in the SFA programs by participating occupational, vocational, trade and technical schools; on conducting asset forfeiture activities to recoup monies illegally obtained through program fraud; and on the conduct of investigations of major players in the SFA programs such as lenders, guaranty agencies and secondary markets. Inspection and audit activities related to improving program integrity will focus primarily on schools participating in the SFA programs and on activities of guaranty agencies, as the Federal Family Education Loan (FFEL) program phases down.

FY 1996 REQUEST

For 1996, we are requesting \$34.1 million, an increase of \$3.6 million above 1995, and 360 full-time equivalent (FTE) positions, 5 FTE lower than the 1995 level. This FTE reduction supports the Department's overall streamlining efforts as outlined in its streamlining plan approved by OMB.

More than \$1.7 million of the net increase is to support salary costs at the proposed staff level, annualization of the 1995 pay raise and locality pay, proposed 1996 pay raise costs, increased benefits, and, as required by the Treasury, Postal Service and General Appropriations Act (P.L. 103-329), law enforcement availability pay for investigators.

The remaining \$1.9 million is for non-personnel costs. Approximately \$1.5 million of this amount will allow us to contract with independent public accountants for the performance of audits of the Department's financial statements as required by the 1994

Government Management Reform Act. The net balance of \$431,000 is to cover OIG's share of the Department's centralized services.

FISCAL YEAR 1994 ACCOMPLISHMENTS

In FY 1994, OIG efforts to promote economy, efficiency, effectiveness and integrity in ED programs and operations yielded significant monetary and programmatic benefits for the Department. We issued 54 reports on OIG audits of Department operations, grantees, contractors, and other participants in ED programs. These reports questioned costs of \$16.6 million and recommended better use of \$177.5 million. Department program managers resolved 76 OIG audit reports in FY 1994, sustaining \$200.7 million of costs questioned and \$243.4 million in recommendations for better use of funds.

To help improve ED programs up front, OIG staff provided advice and assistance to Department managers in the development of the Federal Direct Student Loan program, chartering an interdisciplinary advisory team to provide planning, implementation and follow-through assistance to help ensure that appropriate controls are designed into the system. We also completed two reviews that evaluated the effectiveness of the Department's regional oversight and monitoring of participants in the SFA programs, which led to significant actions by the Department to enhance, improve and strengthen these critically important functions. Our review of the citizenship status of all Pell Grant recipients who had claimed U.S. citizenship for award year 1992-93 found that over 45,000 of the recipients were not U.S. citizens. These ineligible recipients had been awarded over \$70 million in Pell grants and over \$45 million in Stafford loans. We recommended that the Department henceforth confirm the citizenship status of SFA applicants with the Social Security Administration.

Our efforts to serve our Congressional customers during the past year have included testimony before Congressional committees and subcommittees on various topics related to improving accountability in Education Department programs. During these appearances, we have offered our objective views and recommendations on such topics as ED's implementation of the CFO Act, problems related to schools' failure to pay refunds under the student loan programs, and improvements needed in the administration of the Pell Grant program.

In elementary, secondary and special education, OIG staff completed a number of audits and other types of reviews during FY 1994 that raised questions and proposed actions to better serve ED's customers. In commenting on a draft General Accounting Office (GAO) report, "Regulatory Flexibility in Schools," we noted that the report had cited a "fear of audits" (and program reviews) expressed by participants in ED programs—a fear that had apparently made those participants reluctant to attempt innovative improvements that might help children learn. We suggested that Congress craft subsequent legislation in such a way as to eliminate unnecessary rules and procedures and to provide outcome-based accountability in their place. We believe that if this is done, the nature of program

reviews and audits will automatically change, to the benefit of the children who will profit from the improvements instituted by teachers and administrators.

Strong financial management and accountability are critical for effective overall management; thus, OIG continues to work with the Department to improve financial management. As noted, the OIG has provided advisory and assistance services on the new Direct Loan program, much of which has dealt with financial management and program operations and focused on minimizing potential financial management issues. In addition, improving financial management continues to be a focus of our audit activities.

In June of 1994, OIG and GAO completed the first ever joint audit of the FFEL program's financial statements. Among other findings, our audit determined that the internal controls were not properly designed and implemented to effectively safeguard assets and assure that there were no material misstatements in the Principal Statements. The report notes our concern regarding the effect that implementation of the Direct Loan program will have on implementing the necessary controls in the FFEL program.

Certain aspects of the Direct Loan program mirror aspects of the Pell Grant Financial Management System. Because of the high priority of the Direct Loan program, we have committed resources to reviewing the Pell Grant Financial Management System to assist the Department in identifying potential problems before they occur in the Direct Loan program.

OIG investigative activities are focused on promoting integrity and accountability in the administration of ED programs, as well as on preventing and detecting fraud and abuse. In FY 1994, OIG auditors and investigators began a concerted effort to improve program integrity by identifying and pursuing significant and highly visible civil and criminal cases involving the fraudulent use of ED funds.

OIG opened 139 investigative cases and closed 543 in FY 1994, and OIG investigations led to 139 indictments and 128 convictions and pleas. In addition, 28 individuals or entities were debarred from doing business with any Government agency, and 7 were suspended. The dollar impact derived in FY 1994 from OIG investigative activities includes over \$6 million in restitutions ordered, over \$1 million in restitution payments collected, civil settlements of more than \$1.4 million, and actual recoveries totaling \$8 million.

Mr. Chairman and members of the Committee, this concludes my statement. I will be happy to respond to any questions that you and the Committee members may have.

U.S. DEPARTMENT OF EDUCATION

Office of Inspector General Biographical Sketch

NAME : Gretchen C. Schwarz
 POSITION : Acting Inspector General
 BIRTHPLACE : Wichita, Kansas
 EDUCATION : Kansas State University, B.S.
 The George Washington University, MPA
 Federal Executive Institute

EXPERIENCE

March 4, 1995-present : Acting Inspector General

1988-1995 : Associate Inspector General
 U.S. Department of Education

1980-1988 : Special Assistant to the Inspector General
 U.S. Department of Education

1979-1980 : Assistant to the Director of the Bureau of Accounts
 Interstate Commerce Commission

1966-1979 : Audit Manager, Supervisory Auditor and Auditor
 U.S. General Accounting Office

PROFESSIONAL ASSOCIATIONS

: Association of Government Accountants
 The Institute of Internal Auditors

HONORS AND AWARDS

: Pi Alpha Alpha, Public Affairs and Administration Honorary (1979)
 Northern Virginia Chapter, Association of Government
 Accountants, "Recognition of Outstanding Leadership and
 Contributions," (1978)
 Distinguished Service Award, Washington Chapter of the Institute
 of Internal Auditors (1986)

RECOMMENDATIONS FOR POSSIBLE LEGISLATIVE ACTIONS

Mr. PORTER. Ms. Schwarz, before we hold the hearing we look at your budget request every year. And we also have an opportunity to discuss your semi-annual reports on recommendations regarding the Department.

The difficulty is that this is an appropriating committee, and not an authorizing committee. And most times, we can't do very much about some of the recommendations that you request, because they require changes in legislation. Are there any recommendations that you make of this subcommittee for action that we can actually act upon outside the normal parameters of your budget in dealing with the Department?

Ms. SCHWARZ. Yes. There are a few. We have said over the years that duplication and fragmentation and overlapping programs has been a problem in the Department. We have 240 programs, and both GAO and OIG have identified a number of areas where there are many programs in the Department and programs in other Government agencies that are overlapping, particularly in the area of vocational training, parental involvement, early childhood, teacher training. And this causes additional funds to support these individual programs.

And the Department this year has recommended that 80 programs be eliminated or consolidated. That would certainly be a start in reducing the number of programs we have to deal with.

Mr. PORTER. Did you look at what we did in the rescission bill?

Ms. SCHWARZ. I've seen that, yes.

Mr. PORTER. Do you think that we did what you recommended in most cases?

Ms. SCHWARZ. We look at the high visibility, high profile issues and programs, and try to make them more effective. We don't look at the smaller programs and don't look at anything under \$100,000,000. So we have not looked at those programs, and we don't have any data on any of the individual ones.

Mr. PORTER. All right. I think we agree in principle we should reduce the number of programs that are very costly to administer, they ought to be consolidated or in some cases eliminated, so the Department isn't overwhelmed with very narrowly targeted programs that serve a very small constituency, at very high relative cost.

Ms. SCHWARZ. Another area we want to perhaps bring to your attention is financial management. It's been an issue in the Department for a long time. And the Department has a major effort underway to try and upgrade the financial systems, to integrate them. And the focus of it is partially to produce financial statements for the Department that can be audited according to the CFO Act.

But we are more interested in the fact that in creating those improved financial systems, we'll have much better information on which Department managers can make informed decisions. And so, unfortunately, this whole system of updating financial management, improving financial management is costly. In addition we have money in our budget, that's primarily what our contract re-

quest is for, for auditing these financial statements to help ensure the integrity of the information.

FULL LAW ENFORCEMENT AND ASSET FORFEITURE AUTHORITY

Mr. PORTER. Are you getting good cooperation?

Ms. SCHWARZ. Absolutely. And there are two other issues that we'd like to bring to your attention. And these are to help us do better criminal investigations, we would like full law enforcement authority and asset forfeiture authority. Dianne can speak to those two issues for a moment.

Ms. VAN RIPER. Property is subject to seizure if it's obtained illegally, or it's used to further illegal schemes. Specific criminal violations of money laundering get into asset forfeiture, and the purpose of that is to take the profit out of the crime, and in some cases reimburse agencies for their activities and costs relative to working on the forfeiture cases.

We have had several problems in working those cases in the past. Forfeiture issues are part of very large, complex investigations that are resource-intensive and unique, that require significant expenditures on our part for staff time, equipment, training for special skills acquisition, and setting up data bases.

The second problem is that it requires the involvement currently of agencies that have statutorily based asset forfeiture and seizure authority, and because Education OIG does not have that, we are required to do cooperative investigations with agencies that do. So when our cases involve violations of statutes that give rise to seizure, we have to go through a deputation process with the Department of Justice, and we must involve an agency that has seizure authority from the Department of Justice, Treasury, or Postal.

That's an inefficient use of very scarce law enforcement resources, and because it causes delays sometimes, it can cause a concealment of or the loss of assets.

The third problem is that the cash proceeds from Education Department forfeitures currently go to other agency asset forfeiture funds. The Education OIG cannot receive a share of the cash value of the forfeited assets. And without forfeiture authority, we are unable to get any reimbursement on the cash outlays that we encounter as a result of doing those investigations.

State agencies that participate do receive an equitable share of reimbursement costs associated with their investigative activity with Federal agencies. And we would like to be in the same position as the State agencies that work with Federal agencies in recouping their costs. The potential for our successful fraud cases and seizures is good if we have the resources to do them.

EXAMPLE OF ASSET FORFEITURE

Mr. PORTER. Could you give us an example of a case where the asset forfeiture would be lost?

Ms. VAN RIPER. We had one recently. It is a truck driving school, and the owner of that truck driving school failed to make refunds to the loan program for students who had withdrawn during the refund period. We proved up \$2,600,000 in refunds that the owner failed to make. We seized assets up to that amount with the IRS.

That included a large number of trucks, antique cars, and some of the equipment related to the school operation.

Mr. PORTER. Now, with these asset forfeitures, are they used to satisfy judgment?

Ms. VAN RIPER. No, sir. The assets that were seized will ultimately be sold, or the owner of the school can also then give us the cash that's equal to the value of the equipment that we seized, but that money will revert to the asset forfeiture fund of the Department of Treasury.

Mr. PORTER. Am I not correct, though, that under certain circumstances, assets used in the violation of the law can themselves be forfeited, and the defendant doesn't get credit for the value of those assets toward any judgment? In other words, you have a penalty of losing the assets and having to pay.

Ms. VAN RIPER. That's correct.

Mr. PORTER. Is that what was happening in this case?

Ms. VAN RIPER. In this case, that was not the case. Because it would constitute double jeopardy.

Mr. PORTER. The new chairman of the Judiciary Committee is about to publish a book opposing asset forfeiture, and I have not yet seen anything on it. But I know that he's very much against asset forfeiture as being a form of double jeopardy.

Mr. SKELLY. We'll get a copy of that book, Mr. Chairman.

Mr. PORTER. Yes, I think everyone should. [Laughter.]

Ms. VAN RIPER. Given the situation with double jeopardy in the cases where the Department of Justice does not proceed against an individual owner, civilly, presumably the only way that we have of retrieving those illegally obtained funds is through asset forfeiture.

What we would like to see is some action by Congress to include us or give us the ability to share in seizing assets or proceeds. We're willing to work with Congress on the best mechanism for our particular agency. There are a variety of ways we can do that.

The bottom line, though, is that we have a right to preserve an equity share in the assets that we seize, to offset the costs of conducting the investigations. And the second issue is that we don't want to waste the limited resources we have on managing property when a cooperative venture with another agency that already has property management might work just as well.

LAW ENFORCEMENT AUTHORITY

The second issue is law enforcement authority. And that's the authority to make arrests, swear out warrants, execute warrants, and carry weapons, which would enable the agents to execute the warrants that are necessary to successfully conduct our work. We have special deputation right now on a case-by-case basis with the Department of Justice, but we cannot swear to affidavits or execute the resulting warrants without special deputation.

It also places the agents in situations where their lives are in danger. Many of our cases are worked in high crime areas. The schools are recruiting students from drug rehabilitation centers, mental health clinics, homeless shelters. And in the past, they've even recruited students from the surplus cheese lines.

Additionally, we've investigated on a regular basis individuals who have committed and have been convicted of numerous violent

crimes, including murder, assault and battery, unlawful use of a weapon, kidnapping and rape. Convictions for drug possession and for drug distribution are common.

I personally worked as an agent in Chicago, working cases in the most violent areas of Chicago and Detroit, involving organizations like the FALN, the Gangster Disciples, the El Rulsins and a Cook County deputy sheriff. And right before I left Chicago, we had another case that involved a large number of individuals in Detroit, including two Detroit policemen who actually led the group and who ultimately were convicted.

The case-by-case deputation process is very cumbersome and time consuming. And the only option to date has been to enlist the aid of another law enforcement agency that has full law enforcement authority. That process is also cumbersome and it's a waste of limited resources.

Mr. PORTER. The Department of Justice now deputizes IG personnel to swear warrants and make arrests?

Ms. VAN RIPER. Yes. We request special deputation from the Department of Justice on a case-by-cases basis. Currently we are seeking special deputation for specific types of program fraud. In order to do that, we have to have the approval of the Department of Justice here in Washington, and we have to seek, on an annual basis, the approval of the U.S. attorneys of all of the districts in the United States.

Mr. PORTER. When you are deputized, you're acting as officials in the Department of Justice?

Ms. VAN RIPER. We are actually acting as Special U.S. Marshals.

Mr. PORTER. As U.S. Marshals under the Department of Justice?

Ms. VAN RIPER. That's right.

Mr. PORTER. And what you think you ought to have is your own authority, without having to go through that process?

Ms. VAN RIPER. That's correct.

Mr. PORTER. I assume you're thinking of that for every IG in the Government?

Ms. VAN RIPER. Various IGs already have that authority.

Mr. PORTER. Which ones?

Ms. VAN RIPER. Department of Agriculture.

Mr. PORTER. Agriculture's Inspector Generals can serve search warrants and make arrests and the like?

Ms. VAN RIPER. That's correct.

Mr. PORTER. And carry weapons?

Ms. VAN RIPER. Yes. And certain parts of the Department of Labor, like their Office of Labor Racketeering. The Department of Health and Human Services has blanket deputation for its health care programs. So it's at this point fairly fragmented, and is not consistent across IGs.

Mr. PORTER. What were you doing in Chicago? Were you there as part of the Department of Education, or was that a previous—

Ms. VAN RIPER. Yes, I worked for the Inspector General's office in Chicago, first as a special agent and then as the regional inspector general.

Mr. PORTER. This is not something that we can help you with.

Ms. VAN RIPER. That's correct. You cannot give full law enforcement authority through the appropriations process.

Mr. PORTER. But perhaps to suggest to Justice—

Ms. VAN RIPER. Currently the Department of Justice is working with the President's Council on Integrity and Efficiency to begin a one-year pilot program with the Inspectors General for full law enforcement authority. Our problem with that is that there are only seven agencies involved in the pilot program, and all the rest of the IGs will continue to seek deputation on a case-by-case basis, or blanket deputation for special programs.

Mr. PORTER. Have you gotten blanket deputation for special programs already?

Ms. VAN RIPER. No, we haven't.

Mr. PORTER. You've done them all on a case-by-case basis?

Ms. VAN RIPER. That's correct.

Mr. PORTER. They have the authority to give you that?

Ms. VAN RIPER. Yes, they do.

FULL-TIME EQUIVALENT EMPLOYMENT

Mr. PORTER. Ms. Schwarz, the budget request indicates that the Office of the IG is requesting 360 FTE for 1996, 5 less than 1995. Do these figures refer to FTEs on board, or do they refer to your authorized ceiling?

Ms. SCHWARZ. Authorized ceiling.

Mr. PORTER. How many FTEs do you currently have on board, and how many do you expect to have on board in 1996?

Ms. SCHWARZ. We have 345 on board right now, with 6 pending their background investigations. And that brings us up to 351. We expect to have 360 in 1996.

RELATION OF BUDGET REQUEST TO DEFICIT REDUCTION

Mr. PORTER. I'm going to ask you the same question I've asked most of our witnesses this year. Your budget asks for increased funding, most of which is related to personnel costs. Last week, the full committee approved cuts representing about 8 percent of discretionary funding in the bill. The numbers for 1996 will obviously be even more difficult.

What action has the IG taken to help contribute to deficit reduction? And is a 10-percent increase in the IG budget in 1996 really justified in these budgetary circumstances?

Ms. SCHWARZ. It is tough, Mr. Chairman, but I would point out that the IG has done work which resulted in recoveries every year which was more than the cost of our budget. But more important than the dollars coming back in, our recommendations result in program improvement as well as savings that don't actually come back into the Department.

I'll give a few examples—by working on the gatekeeping system for the student aid programs, we found more abusing schools. We did a check of the Pell grant system for allowing people to participate in Pell grants, and by doing a computer match we found that 45,000 people in one year claimed to be U.S. citizens who were not U.S. citizens and were not eligible for the grant. Some aliens are eligible for Pell grants, but these were not eligible. That was \$70,000,000 which went out in that year to those people plus \$45,000,000 in loans.

That is money that once the Department institutes a check before Pell grants are awarded, we will save that money in the future. So we provide reductions in that way.

And in addition, the 10-percent increase that we have in our budget is really for two items. One is the availability pay for investigators, which is in the law, a 25-percent pay increase for availability and for actual work. And the other large item is for contractors for the financial statement audits, which as I talked about before, will help ensure the integrity of the data.

REORGANIZATION STATUS

Mr. PORTER. Your budget request indicates that the IG is reorganizing the ten regional field offices and one of the field offices. What's the status of this effort and how many offices will be eliminated?

Ms. SCHWARZ. We're right in the middle of our reorganization. This doesn't actually eliminate any offices. What it does is combine the managements of the ten regional offices into three areas. And those areas are managed in three locations. We expect the staff to stay where they are, because our work is spread out throughout the country. What this does is result in any savings to management, savings in layers of supervision. And we're also going to look at some of the smaller sub-offices, perhaps, to see if they will continue.

Mr. PORTER. Have you made an estimate of what savings might be expected in future years?

Ms. SCHWARZ. Well, between 1996 and 1999, we will drop 20 staff years, and that's about \$1,200,000. In addition, I would point out there are administrative savings because, by using three areas we will combine the administrative services.

LOBBYING BY FEDERALLY FUNDED ORGANIZATIONS

Mr. PORTER. We received testimony from outside witnesses concerning the intense lobbying activities of some organizations that are largely or exclusively federally funded. In the process of the audits required under OMB's Circular A-133, do you have protocols and guidance for grantees with a high percentage of Federal funding, and how do you police the use of Federal funding for lobbying activities?

Mr. MCNAMARA. Mr. Chairman, there's currently a law, P.L. 101-121, that prohibits the use of funds appropriated for grants, contracts or cooperative agreements for lobbying. And in fact, it requires the recipients, when they apply, to certify that they have not and will not use money for lobbying, and there's a requirement that they report that they haven't, or if they have, they would have to report that they did.

We do an annual audit under this law every year, and we send a report to the Congress at the same time the agency submits its budget. What we've found is that, and I think we've done this about three years running, the Department is in compliance with compiling all of this data coming in, and no one has reported and the Department's not aware of any allegations of lobbying going on.

But the problem is, it's an honor system. We have over 10,000 recipients for discretionary grants alone. We're asking them to report on themselves.

So the first year we did the audit, we concluded that it was largely a paperwork exercise, that it wasn't effective in flushing out people who might be doing this. In addition to that, and this ties into the question on A-133, the nature of lobbying is not something that's going to show up very well in the accounting records. More than likely it will be a staff person making a phone call perhaps during the visit or writing a letter. And it's going to show salary costs.

So under A-133—the single audit equivalent for educational and non-profit institutions—it's an audit of the accounting system to make sure controls are there for payroll and those sorts of things. And although there are compliance supplements, the nature of this activity, the compliance supplement, is the checklist the auditors will be looking at to make sure that program requirements have been complied with. The nature of this type of activity doesn't lend itself to showing up in accounting records, so to speak.

Mr. PORTER. The testimony, if I recall correctly, is about maybe one or two organizations that received a figure of something like \$80,000,000, probably \$96,000,000 budget, from contracts. Was that Education? It was a different group, but the same concept. And that is that they had Federal contracts in large amounts. They had their own political action committee and endorsed candidates for office, which would seem to me to be a rather substantial violation of the law. But it would be interesting to see if the law would cover them as well, all of the requirements not to lobby and that they didn't perform. This is not the Department of Education.

DIRECT STUDENT LOAN PROGRAM

Ms. Schwarz, I've been concerned about the direct loan program. I know your office has worked very closely with the Department in the design of the program. I'm worried that the concept of a loan default has been entirely redefined by the new system.

As I understand it, when a direct loan is in default, that is payments are not made on schedule, the loan will be converted to income contingent repayment with a 25-year repayment period, the end of which the loan may or may not be written off as a true default. Until that time, it will be carried on the Department's books as an asset.

Some have argued that this system will produce the highest level of repayment over time. However, it seems to me to substantially undermine one of the key issues of law, calculating default rates for schools and using the default rate as a basis for terminating schools and their participation in loan and grant programs.

You mentioned in your written statement that you had intended to focus on the conduct of investigations of allegations of fraud in student financial assistance programs by occupational, vocational, trade and technical schools. You're now hearing that these schools are rushing to sign up for participation in the direct loan program in part because it does not measure defaults in the same way as the FFEL program does, and they will therefore be less likely to be terminated from participation.

What is your analysis of this problem, and what actions are you preparing to take to prevent the recurrence of the problems with FFEL?

Ms. SCHWARZ. A couple of things on this, Mr. Chairman. There are a number of systems, as you know, that apply both to the FFEL program and to the direct loan program, primarily the gatekeeping and monitoring systems. And to the extent that we have worked on those and the changes that were made in the amendments of 1992 and that are now coming in place in terms of gatekeeping, will improve what's going on out there. Those 1992 amendments also provided for accrediting agencies to use standards in judging the school, and for the States to also set up some standards in terms of graduation and placement.

Now, it would seem that those things would help to increase, to defer some of the problems we have. Often people default when they don't get a good education and can't get a job in order to pay back their loan. So to the extent that we're looking to those things to reduce the defaults, also institutional review is being changed and upgraded to help in that area.

In terms of people coming into the direct loan program in order to avoid the default issue, it's our understanding that at least in these first few years, the default rate is one of the screening mechanisms used. But I don't know the details of what's happening on that.

In terms of defaults themselves, certainly under the direct loan program you'll have more timely information, better information, because it's coming in from one spot rather than coming in on the tape dumps, which come in annually, and then it takes six months to a year to process it, and then we know what the default rates are. So we're going to know that information more quickly.

In terms of the issue of when people go into default under direct loans, it's our understanding that the Department is working with the IRS, so that if a student said, I can't pay because I don't have any income, there will be a coordination with the IRS and we will see if that's actually true. The Department is working on that area.

DIRECT LOAN DEFAULTS

Mr. PORTER. Maybe Mr. Skelly can tell us about that. Is there going to be no cases of default, because people can't pay? Are you going to investigate each one of them to determine whether there is a true default?

Mr. SKELLY. We'll still have some default, people who can't pay back the loan for lack of income. But most of your defaults occur during the first three years. Over 80 percent of defaults occur during the first three years.

Under these extended and graduated repayment plans, and the income contingent plan, a borrower will have more time to get income so that he can pay back the loan. Under this system, which will use information obtained from the Internal Revenue Service and other services, it will be easier to do skiptracing to keep track of that person's address and follow up on it.

Right now, if a person has defaulted, we plan to match those default records with Internal Revenue Service records on tax refunds. That helps us collect more money on the defaults, but also gives

us that person's address, and usually the employer, because the tax return includes a W-2 form.

So what we're planning now is to have an active program of going back to those borrowers, and saying, look, you defaulted on this loan. You haven't paid it up. We can arrange for your employer to do wage garnishment so that wages will be withheld from you to pay the default, or you can go into a program like income continent loans and repay the loan a little bit over time. One way or another, we're going to get back, we think, more of the money on defaults than we do now.

DIRECT LOAN FEDERAL ADMINISTRATIVE EXPENSES

Mr. PORTER. We've also been very concerned about the administrative component of the direct loan program. Unlike most other entitlements, social security, Medicare, whose administrative budgets are subject to discretionary appropriations, the direct loan program has permanent five-year authority for administrative expenditures. This, I believe, insulates the program from accountability to the Congress and its subcommittees.

In addition, since the permanent appropriation for administrative expenses is set prospectively by the legislation five years in advance, rather than on a current basis subject to annual justification and appropriation, the funding levels prescribed in the law do not accurately correspond to what is needed each year. The potential certain exists, and it's happening in 1995, for the Department to be allocated much more than it reasonably needs to conduct the administration of the program.

In your opinion, do the funding levels set in 1995 and 1996 budget correspond to the actual needs of the Department, and has the funding been wisely spent so far?

Ms. SCHWARZ. We don't have information on that yet. But the annual audit of the direct loan program is being conducted, and we expect that report in a few weeks. That will be our look into, to cover that issue in some sense. And the GAO, we understand, is also looking at the administrative expenses.

Mr. SKELLY. To date, Mr. Chairman, it is true that we've needed less money than what's appropriated for 1994 and 1995.

Mr. PORTER. We shouldn't be angry with you about that, I suppose.

Mr. SKELLY. That was the authorizing committee. We do try to provide information to the appropriations committees each year. That is one thing that is required by the law that the authorizers wrote. We have to give you information on how we're using that \$2.5 billion appropriation.

Ms. SCHWARZ. I believe I said FFEL when I meant direct loan.

Mr. PORTER. Yes.

How about this permanent allocation for administrative activities? Should this be changed and subjected to annual Congressional scrutiny?

Ms. SCHWARZ. I think that's a budget call. Certainly, you'll have the audit.

Mr. SKELLY. We've got the law that's set up that way, and it is unique. We don't have other programs like that. So far it's working. We don't use all the money that is available, and that carries for-

ward to the next year. It's not like the money is being wasted. We think we're doing a good job running competitions for the servicing contract, which is the greatest part of the expense. If that's on a competitive basis, it's likely to produce a lower cost than the current FFEL program where we pay for those same kinds of administrative servicing costs through the subsidy and special allowance payments that we make to lenders and guaranty agencies.

It's a different way of doing business, but I think the permanent appropriation under the direct loans program is closer to the appropriation we have for FFEL than it is to other programs in the Government. They're both loan programs, they're both providing servicing costs, they're both going through private companies that do the servicing. Just in the direct loan case, the Government is running a competition before making the award. In the FFEL program, a bank will pass along the money to a third party who gets to decide who's the fourth party.

CHAPTER ONE AUDIT—ADMINISTRATIVE COSTS

Mr. PORTER. The most recent IG report indicates that an audit under Chapter 1 of one of the program schools revealed poor results and unreasonably high administrative costs. We've seen the results of the Department review of Chapter 1 which concluded essentially that the program does not work. Could you describe in detail the findings of the audit I referred to, and tell us generally about the management for performance under Chapter 1 programming?

Mr. McNAMARA. Mr. Chairman, there happened to be three reports that we put out recently on Chapter 1. The first one that you refer to was on the New Jersey State Department of Education—the title was, "New Jersey Department of Education Needs To Overhaul Board of Education's Chapter 1 Program."

The second one was on Puerto Rico. They both had similar themes. Much too much of the money was spent on administrative things, or not effectively used, to the detriment of the students that were supposed to be served. One of the interesting things that we found in the New Jersey report, though, was that as children progress and move out of the Chapter 1 program, within a couple of years they sort of fell back.

One of our suggestions was that they needed more support services once they graduated out of Chapter 1, and that perhaps if we looked at some of these large administrative expenditures and reprogrammed that into education, they'd have a better education themselves.

Interestingly enough, we provided a third report for reauthorization recommending that there be incentives for the Chapter 1 program, because the way it was working, it seemed like the worse the program, the worse you did, the more kids you had, the more money you got; as opposed to people who are doing a good job. If your kids were moving out, you wouldn't get as much.

So we worked with the Department there to try to incentivize the program. We looked for innovative ways that we could get better educational outcomes.

Mr. PORTER. And this was before the reauthorization?

Mr. McNAMARA. Yes, sir.

Mr. PORTER. The recent change in the law?

Mr. McNAMARA. Yes, sir.

Mr. PORTER. Ms. Schwarz, thank you very much for your testimony. I have a few other questions for the record, that I would ask that you answer for the record, and we appreciate all the testimony and again apologize for the delay in starting the hearing.

Thank you very much.

[The following questions were submitted to be answered for the record:]

GRANTS TO NON-U.S. CITIZENS--CORRECTIVE ACTION

Mr. Porter. The recent IG report indicates that in 1992-1993 over 45,000 non-U.S. citizens received Pell Grants totaling over \$70 million and Stafford Loans of over \$45 million. Has the Department taken action on the IG recommendations in this regard, and is this an area in which this subcommittee should act?

Ms. Schwarz. Since the issuance of our report regarding the citizenship verification process, we have worked closely with key Office of Postsecondary Education officials to strengthen its current citizenship edit procedure. They agreed with our finding and recommendations, but stated that all corrective actions could not be completed until the 1996-97 processing cycle. In an effort to complete the corrective actions sooner, we are assisting OPE officials in their efforts to strengthen the current citizenship verification process. This has included a recent meeting with high level Social Security Administration officials where we presented our audit finding and discussed the need to use data within their registrant database to identify those non-U.S. citizens applying for Federal student aid who are ineligible. Social Security officials were receptive to our ideas and agreed to work with us to accelerate amending the current Social Security number verification agreement.

The issue of inadequate citizenship verification does not appear to warrant subcommittee action since the Department has taken appropriate steps to implement its corrective action plan.

PELL GRANT CLOSE-OUT

Mr. Porter. The IG report on Pell Grant close-out practices found that over half of the 6,700 participating schools submitted expenditure reports containing discrepancies totaling over \$356 million. What recommendations did the IG make to correct this situation and has the Department adequately implemented them?

Ms. Schwarz. We have provided three recommendations to strengthen the Department's management of the Pell Grant program, safeguard Federal funds, and increase the efficiency of the close-out process prior to the implementation of the new financial management system.

1. Require the Chief Financial Officer of each institution to reconcile and certify the September 30 expenditure reports.
2. Implement a requirement that the Chief Financial Officer of each institution certify by means of a financial accounting that all student-level data are accurate as of September 30.
3. Enhance controls over requests for reinstatement of funds and for increases in authorization after the September 30 adjustment

deadline. If an institution wishes to have its Pell account increased or reinstated, then it should provide the Department with adequate documentation -- such as a revised final accounting of student level data to justify the increase.

Other suggestions for enhanced controls are:

- Impose penalties for instances of repetitive inaccurate and late submission of final reports.
- Only allow reinstatement of funds after closeout when an independent auditor certifies the amount of and need for the reinstatement.

The Office of Student Financial Assistance responded and generally agreed with our recommendation, and they are now in the process of implementing a corrective action plan.

REORGANIZATION OF REGIONAL AND FIELD OFFICES

Mr. Porter. What budget savings can this subcommittee expect to see in future years as a result of the reorganization of the regional and field offices?

Ms. Schwarz. The Office of the Inspector General is undertaking restructuring and reinvention efforts which will result in budget savings while enabling us to effectively manage and better handle an increasing workload with decreasing staff levels. By streamlining OIG operations and taking advantage of cost-saving opportunities through these efforts, we anticipate making steady progress toward reducing our FTE level to 340 by 1999. An estimated savings of between \$1.2 million and \$1.5 million in personnel costs is expected between 1996 and 1999.

Primary among our restructuring efforts is the reorganization which is currently underway. We are in the process of reorganizing our 10 regional offices and 11 field offices into 4 area offices: The Northeast Area (includes Regions I, II, III, and the Division of Headquarters Operations), Capital Area (includes Headquarters Audit Region and Accounting and Financial Management staff), Central Southern Area (includes Regions IV and V), and the Western Area (includes Regions VI, VII, VIII, IX, and X). Decisions regarding any office closings will be based on various factors and analyses including the impact that fewer office locations would have on the OIG's ability to continue providing effective audit and investigative coverage of ED programs and operations and the potential overall long-range cost savings to the Government.

In headquarters, as in the regions, the number of supervisors and the layers of supervision will be reduced, and administrative support staff will be

consolidated. The new, flatter organizational structure will facilitate decision-making, improve accountability, facilitate the use of teams, eliminate layers, and change the ratio of supervisors to staff from 1:6 to 1:12 by 1999.

In addition to restructuring our organization, we are reinventing our work processes. For example, we are moving toward greater use of self-directed work teams to provide employees with opportunities to improve their work and work products and to identify and eliminate unneeded controls. This type of new approach to our work efforts will enable us to better serve the taxpayers and the Department's most important customers -- learners of all ages -- as well as officials of the Department of Education, Members and staff of the Congress, and others who are direct users of our products and services.

IMPROVED FINANCIAL MANAGEMENT

Mr. Stokes. To what extent have the provisions of the Chief Financial Officers Act of 1990 improved financial management within the Department of Education, or did it create needless layers of reporting and increased paperwork?

Ms. Schwarz. The provisions of the CFO Act have undoubtedly improved the financial management of ED while at the same time actually removing some layers of reporting. The establishment of the Office of the CFO (OCFO) and the financial statement audit requirement provide ED with the necessary organization and accountability to begin addressing long standing financial management problems.

Establishing the OCFO has organizationally put the Federal Government and ED on a par with private sector companies and many State and local governments in the area of financial management. The OCFO has provided increased management emphasis on and capacity to address problems surrounding ED's financial reporting systems, internal controls, and data quality.

A new integrated accounting and reporting system to replace the current antiquated system is under development at the direction of the OCFO. This will improve financial management and reporting, and should reduce the internal burden currently associated with financial reporting (e.g., it takes several months to produce year-end auditable financial statements, and no interim statements are produced). More accurate, timely and useful data should improve not only financial management but program management as well.

The annual financial audits also play an important role in improving the financial management of ED. These audits provide the necessary accountability of the OCFO for the financial management of ED. Beginning with GAO, and now under our direction, these audits provide the CFO with

specific examples and recommendations for strengthened internal controls and financial management systems.

CRITERIA USED TO EVALUATE PROGRAMS

Mr. Stokes. According to your opening statement, in FY 1996, the Office plans to conduct reviews to ensure accountability, integrity and the achievement of desired results in GOALS 2000 and other related programs. What criteria is used to evaluate the programs, how is the criteria established, and what are the indicators for measured program success or failure? Explain.

Ms. Schwarz. We will be conducting reviews of programs established by Congress to meet the National Education Goals, including programs established under the Goals 2000: Educate America Act and the Improving America's Schools Act.

One source of criteria will be the performance measures agreed to by grantees and the Department. In the case of Goals 2000, which will not have regulations, we plan to review reported accomplishments against the performance measures included in the State plans. Besides evaluating the performance of the programs, we plan to review the economy and efficiency of the program's processes and systems. This could include reviewing systems to determine if the performance data is reliable.

BENEFIT FROM AUDITS

Mr. Stokes. What major audits are currently underway and how are the public and the people served by these programs expected to benefit from the audits? If possible, give specific examples.

Ms. Schwarz. The Education Department OIG has devoted much of its effort in recent years to the identification of systemic problems in ED programs and operations -- problems that affect not one entity, but a system that is responsible for the delivery of products or services to thousands of entities and which, if not corrected, can seriously impede the effectiveness of the program being served by that system.

Specifically, in the Elementary, Secondary and Special Education Programs area, OIG chose the theme "Maximizing the Effectiveness of ED Programs to Better Educate Our Students." Audits conducted under this theme are designed to assist the Department, Congress, and others in their decision making to achieve the National Education Goals and to further program performance and effectiveness.

In addition, the OIG continues to focus on the delivery systems for the Department's student financial assistance funds to assist the Department in

establishing controls for improving accountability over the delivery of the funds while providing valuable information for future policy decisions.

The following are specific examples of major audits we have currently underway that are intended to help ED managers and Congress make decisions so ED programs serve the people they are intended to more effectively, efficiently, and economically:

Looking Ahead ... Making the Most of Evaluations: A Review of the U.S. Department of Education's Planning and Evaluation Service

We are in the final stages of issuing a performance audit of the Education Department's Planning and Evaluation Service (PES). PES is responsible for evaluating the effectiveness of ED programs totalling over \$30 billion. Their evaluations are used by policy makers, including Congress, Department officials, and State and local education officials, to make decisions concerning ED programs. Funding for evaluation analysis studies, technical assistance, and evaluation contracts managed by PES averages approximately \$31 million a year.

The objectives of our audit were to determine if (1) opportunities exist for developing strategies to ensure greater utilization of PES report recommendations; (2) the impact of program evaluations and studies could be increased through improved timeliness; and (3) dissemination of reports could be improved to increase utilization. Our performance audit found PES to be a successful and highly respected evaluation office. To further enhance its effectiveness, we worked with PES to develop 21 recommendations which will improve timeliness, dissemination and utilization of PES products.

Review of \$2 Billion Vocational Rehabilitation Program

We are in the process of reviewing the Vocational Rehabilitation (VR) program, which provides \$2 billion to State vocational rehabilitation agencies to help individuals with disabilities become gainfully employed. The VR program rehabilitates approximately 200,000 individuals with disabilities each year.

Our objectives for a comprehensive review of this program are (1) to determine the effect of changes in the 1992 amendments on the VR program; (2) to determine if the VR program is achieving desired results; and (3) to evaluate the effectiveness of service delivery organizations, programs, activities, and functions. During our survey, we have gathered information from a consortium of groups and reviewed a multitude of background reports. Our analysis has identified programmatic, organizational and financial issues and concerns that we will consider for substantive review.

Review of Office for Civil Rights Complaint Intake Process

We are currently reviewing the Office for Civil Rights (OCR) complaint intake process to identify ways that OCR can improve handling complaints. OCR received approximately 5,000 complaints in 1994. We will be reviewing the systems and processes that OCR uses to prioritize and assign complaints. We plan to review three regional offices and survey the remaining regions. Our objective will be to identify the most effective methods for handling complaints so that these methods may be adopted by all OCR regional offices.

Review of Single Audit Compliance Supplement for ED Programs

We are in the process of conducting a review of the *Single Audit Compliance Supplement for U.S. Department of Education Programs (Supplement)* to determine whether the contents concentrate on the most important issues and concerns. As part of this review, we are eliciting the views of Federal and State/local program managers, and organizations on how the *Supplement* could be improved to provide them with better information. As stated in our testimony, State auditors and Independent Public Accountants (IPAs) rely heavily on the *Supplement* when conducting financial and compliance audits of the State and local education agencies that participate in ED programs. These audits are a requirement of the Single Audit Act of 1984. Also as part of this review, we are working with the Office of Management and Budget in its efforts to improve the *Supplement* governmentwide.

Federal Direct Student Loan Program

We are currently in the planning phase for audits of the new Direct Loan program over the next two years. Our approach is to obtain a good understanding of the design of the program and determine the extent of work performed or ongoing by other Federal or non-Federal auditors, as well as contracted evaluations of the program. From this analysis we are identifying the aspects of the program that present the most risk to the interests of the students, the taxpayers, and the Federal Government. We will then prioritize the order of segments of the program that we will audit.

Our audit recommendations would assist the Department in focusing on aspects to improve operations, assure accountability, and improve services to the institutions and the students.

Transitional Guaranty Agency

We have completed our audit on the Transitional Guaranty Agency (TGA) and issued a draft audit report to the Department. The Department entered into an agreement with the TGA to assist it in the management of the winddown of the Federal Family Education Loan (FFEL) program. Our audit focused on the adequacy of the structure and capacity of TGA to provide the

services the Department anticipates it will need. Our audit reported on the current operations of the TGA, its capacity to provide services to the Department, and recommendations for the Department to improve its oversight and monitoring of the TGA.

Our audit recommendations will assist the Department in improving its planning for the winddown of the FFEL program by protecting the interests of the students that have outstanding loans in that program, and assisting the Department in its efforts to provide continued student access to Federal guaranteed loans.

Federal Pell Grant Program

We are continuing our review of the Federal Pell Grant program. Our review is focusing on the delivery of the funds to the schools and students, and the accountability of the program at the Federal level. We have issued two audit reports to date that, if our recommendations are implemented, would assure that ineligible non-U.S. citizens would not participate in the program, and that the Department could improve its accounting for funds expended under the program.

Our continued efforts will result in recommendations for the Department to improve other aspects of the program. Each of these recommendations should improve the Department's delivery of the funds to the institutions and the students they serve.

ADVICE AND ASSISTANCE TO DEPARTMENT MANAGERS

Mr. Stokes. According to the opening statement, to help improve Department of Education programs on the front-end, OIG staff provided advice and assistance to Department managers in the development of the Federal Direct Student Loan program, and provided follow-through assistance to help ensure appropriate controls are designed into the system.

It is against that backdrop that I ask the following question. A number of leaders in the education community are concerned that the State Postsecondary Review program is too burdensome, causes roadblocks to effective operations, and would result in many four-year institutions being unnecessarily subjected to reviews. To what extent did the Department implement a similar front-end approach with respect to the State Postsecondary Review program, as it did with the Direct Student Loan program, and if not, why not?

Ms. Schwarz. The OIG provided advisory and assistance services to the Department to draft the regulations to implement the State Postsecondary Review Entity (SPRE) program. This effort included participating in Department-wide policy groups to draft regulations, attending the negotiated rulemaking sessions with the public as required by the Higher Education Act,

and reviewing and commenting on the proposed final regulations. The regulations establish the parameters under which the SPREs will operate and the parameters for establishing their standards.

Since the SPRE standards, by statute, are to be developed by the entities designated by the States as their SPREs, it would not have been appropriate for the OIG to participate in development of standards. The intent of the statute is for the States to develop their own standards that are in accordance with their State law and that they consider appropriate for institutions providing postsecondary education in their States. The Department's responsibility to date has been to enter into agreements with the SPREs, review proposed SPRE standards, and to refer those institutions that fail to meet the criteria in the statute to the SPREs for review. These types of efforts we consider management of the program, which would be inappropriate for OIG involvement considering our statutory independent role.

Our advisory and assistance efforts for the development of the SPRE regulations were similar to our efforts with the development of the Direct Loan regulations. However, for the Direct Loan program we had additional opportunities to provide up-front advisory work to assist the Department to assure proper internal controls were included in the design of computer systems necessary to operate the program. Since there were no computer systems necessary for the SPRE program and the majority of the efforts for program development were at the State level, the extent of advisory work as we provided in the Direct Loan program was limited.

Also, regarding the concerns of the educational community, it is our understanding that due to the limited funding provided for the SPRE program (\$20 million for FY 1995 for 50 SPREs), resources would prohibit SPREs from reviewing all the institutions in their States that fail to meet the criteria in the statute. We believe the SPREs should focus on those institutions that severely fail the review criteria and those that the SPREs consider present the most potential harm to the students. This is part of the role of the State in the oversight of the Student Financial Assistance programs for which funding is provided to the States.

WEDNESDAY, MARCH 29, 1995.

VOCATIONAL AND ADULT EDUCATION

WITNESSES

AUGUSTA SOUZA KAPPNER, ASSISTANT SECRETARY FOR VOCATIONAL AND ADULT EDUCATION

SALLY H. CHRISTENSEN, DEPUTY ASSISTANT SECRETARY FOR BUDGET

THOMAS M. CORWIN, DIRECTOR, ELEMENTARY, SECONDARY, AND VOCATIONAL ANALYSIS DIVISION, BUDGET SERVICE

Mr. PORTER. The subcommittee will come to order.

We are continuing our hearings on the Department of Education, which had to be rescheduled, for which we apologize. We will hear today from the programs in vocational education and adult education.

We are delighted to welcome Assistant Secretary Augusta Kappner. Dr. Kappner, thank you for being with us. I guess you don't need to introduce either Tom Corwin or Sally Christensen. We know them. Why don't you go ahead and proceed.

OPENING STATEMENT

Ms. KAPPNER. Thank you, Mr. Chairman.

I appreciate this opportunity—particularly the rescheduling in this busy time. I am here, of course, to discuss our fiscal year 1996 budget request for vocational education, adult education, and for school-to-work opportunities. You have my longer statement, so I will try to be brief.

Today, we in America are clearly continuing our monumental transition from an industrial to an information economy. Never before have we seen such a high premium being placed on education and training. When it comes to earnings or even the risk of being unemployed, those who have more education seem to be doing quite well; those without it are not doing well at all.

Our budget request is focused very much on trying to help more Americans to get the skills they need to do well in our economy. For the School-to-Work Opportunities grants and activities, \$200 million is requested by the Department of Education and \$200 million by our partner, the Department of Labor. School-to-Work grants, which are awarded to States and local communities, provide seed capital to build new systems to help all youth gain a high level of academic and occupational and technical skills to make a smooth transition from school to further education and careers.

These activities under School-to-Work include establishing partnerships between employers and educators, designing curricula for work-based learning, developing career exploration services, train-

ing teachers and work-site mentors, and conducting labor market analyses to identify the specific needs of local employers.

FISCAL YEAR 1996 REQUEST FOR VOCATIONAL EDUCATION

Our proposal to restructure the Carl D. Perkins Vocational and Applied Technology Education Act will permit States to augment their efforts in school-to-work and to reform their existing vocational education systems. The Administration is proposing to consolidate all major vocational education activities into one State grant. Our proposal also includes a National Programs authority, which would increase the Department's capacity to help States improve their vocational education programs. Our goal is really to help States accelerate the integration of academic and vocational learning, which is so essential to developing the flexible kinds of education systems that States need to have for the new economy.

The Department is seeking a total of \$1.2 billion for vocational education in fiscal year 1996. That request includes \$1.1 billion for State Grants and \$37 million under the National Programs authority.

Perkins funding represents less than 10 percent of total funding for vocational education, but has a critical impact on how State and local funds are spent. Studies of vocational education cite the importance of the Federal role as a necessary catalyst in State investments and State experimentation, especially in times of dramatic economic change, as these are.

FISCAL YEAR 1996 REQUEST FOR ADULT EDUCATION AND FAMILY LITERACY

For Adult Education—the other side of the house for us—and Family Literacy, the Department is requesting a total of \$490.5 million, \$479.5 million of which is for new, consolidated Adult Education and Family Literacy State Grants and \$11 million of which is for a National Programs authority, which would include continued support for the National Institute for Literacy. The 1993 National Adult Literacy Survey, the NALS, sounded an alarm for all of us about the literacy crisis in America. It found that more than 20 percent of Americans performed at or below a fifth grade level in reading and math. And at this skill level, quite clearly adults are not able to succeed in job training or in high-skilled occupations.

This crisis also affects the educational prospects of children because studies show that parental education is linked very closely to the academic success of the children of the next generation.

In conclusion, we believe the Federal role in literacy for adults and families should respond to these changes. In 1917, the Congress enacted the Smith-Hughes Act to bring us into the industrial age. Almost 30 years ago, the Congress enacted the Adult Education Act to hold out the hope of universal literacy for all Americans. We believe our proposal is based on the directions that research shows work, and hopefully will put us in a position to better address the key challenge of today, which is really preparing our young people and our adults for the jobs of the future.

I appreciate this opportunity to be here today. Both myself and Mr. Corwin and Ms. Christensen are prepared to answer any specific questions you might have of us.

[The prepared statement and biography of Augusta Souza Kappner follows:]

DEPARTMENT OF EDUCATION

**Statement by
Augusta Souza Kappner
Assistant Secretary for Vocational and Adult Education**

on

**Fiscal Year 1996 Request for
Vocational and Adult Education Programs**

Mr. Chairman and Members of the Committee:

Thank you for the opportunity to discuss the fiscal year 1996 budget request for vocational and adult education and for School-to-Work Opportunities. Our 1996 budget request of \$1.7 billion for vocational and adult education will support new approaches to preparing youth for further education and careers and to providing adults with the basic education necessary to be effective parents and workers. As part of this effort, the Administration also requests a total of \$400 million for School-to-Work Opportunities, \$200 million requested by the Department of Education in the Education Reform account and \$200 million by the Department of Labor.

Today, America continues a monumental transition from an industrial to an information economy. Never before has such a high premium been placed on education and training. However, there is a great divide in our workforce, a chasm based on education and skills. When it comes to earnings or the risk of being unemployed -- those with education and skills are doing pretty well, those without are not.

Historically, Congress has moved to increase support for education in times of crisis or economic transition. Our National Education Goals outline the challenges facing us today: to ensure that all students achieve challenging academic standards and are prepared for responsible citizenship, further learning, and productive employment. A specific goal is that every adult be literate and possess the knowledge and skills necessary to compete in a global economy and to exercise the rights and responsibilities of citizenship. These goals guide our efforts to build State school-to-work systems and improve vocational and adult education programs.

The Goals 2000: Educate America Act and the School-to-Work Opportunities Act provide an important foundation for striving to achieve these goals. The President's Middle Class Bill of Rights will further our investment in our future by expanding education and training opportunities, and by streamlining and improving education and training programs for youth and adults.

SCHOOL-TO-WORK OPPORTUNITIES

For School-to-Work Opportunities grants and activities, \$200 million is requested by the Department of Education and \$200 million by our partner, the Department of Labor. School-to-Work grants, awarded to States and to local communities, provide seed capital to build new systems to help youth gain a high level of academic and technical skills and make smooth transitions from school to further education and careers.

School-to-work grants support system-building activities at the State and local levels. These activities include establishing partnerships between employers and educators, designing curricula for work-based learning, developing career exploration services, training teachers and worksite mentors, and conducting labor market analysis to identify the specific needs of local employers.

In 1994, all 50 States, Puerto Rico, and the District of Columbia received development grants to begin planning their School-to-Work systems. Eight pioneering States and 15 local groups are the first to receive grants to begin implementation. We have also awarded grants to 21 partnerships in high-poverty urban or rural communities. More States and localities will receive funding in coming years to move forward with the implementation of their systems. Unlike most Federal programs, School-to-Work funding -- true to its function as a catalyst -- will be phased out by the year 2001.

More importantly, the School-to-Work strategies and systems that every State is putting in place provide the organizing principles around which the Administration has crafted the youth component of its GI Bill for America's Workers. Every State will be able to use all its vocational education and Job Training Partnership Act (JTPA) youth dollars to expand its School-to-Work system and to make it the keystone of the Nation's investment in the workforce of the future.

VOCATIONAL EDUCATION

Our proposal for restructuring the Carl D. Perkins Vocational and Applied Technology Education Act will permit States to augment their existing School-to-Work efforts and to restructure their vocational education systems. The Administration proposes to consolidate all major vocational education activities into one State grant. The proposal also includes a national programs authority to increase the Department's capacity to help States improve their vocational education programs. Our goal is to help States accelerate rapidly the integration of academic and vocational students into the new flexible education system each State's economy demands.

The Department seeks a total of \$1.2 billion for vocational education in fiscal year 1996. The request includes \$1.1 billion for State Grants and \$37 million for the National

Programs authority. The Administration is also proposing rescissions of the \$9.5 million appropriated for the Community-Based Organizations program and the \$34.4 million appropriated for Consumer and Homemaking Education in fiscal year 1995. These programs duplicate the Vocational Education Basic State grant authority in current law.

Perkins funding represents less than 10 percent of total funding for vocational education, but it has a critical impact on how State and local funds are spent. The reforms proposed for Perkins will support the development of school-to-work systems for greater numbers of in-school youth. The proposed reforms will give States substantial flexibility to integrate vocational education reform with broader school reform efforts. In addition, a consolidated grant using JTPA and other funds would be used to support out-of-school youth in a School-to-Work "second chance" system.

We are developing our vocational education legislative proposal around four principles. The first is consolidation. We intend to reverse the proliferation of programs by creating a single grant to States. The second principle is quality. The restructured Perkins Act would focus on expanding high-quality programs. Third, our proposal would increase flexibility. By ending narrow funding categories, set-asides, and administrative requirements, our proposal would allow States and communities to respond to local needs and to use funds from different Federal sources in an integrated system. Finally, our proposal would increase accountability for the results achieved with Federal funds. In exchange for flexibility provisions, the new Act would require States to track progress in student outcomes, such as academic achievement and attainment of occupational skills. And, as I stressed earlier, the most important goal here is to help States and localities deploy their streamlined resources in support of School-to-Work, along with JTPA, our Title I programs, and any other related resources a State or locality deems appropriate.

ADULT EDUCATION AND FAMILY LITERACY

For Adult Education and Family Literacy, the Department requests a total of \$490.5 million: \$479.5 million for a new, consolidated Adult Education and Family Literacy State Grants program and \$11 million for National Programs, including continued support for the National Institute for Literacy.

The 1993 National Adult Literacy Survey sounded an alarm about a literacy crisis in this country. It found that more than 20 percent of adults performed at or below a 5th-grade level in reading and math. At this skill level, adults are often unable to succeed in job training or high-skilled occupations. This crisis also affects the educational prospects of children, as research shows that parental educational level is a strong predictor of children's academic success.

Our proposal for adult education and family literacy is another component of the GI Bill for America's Workers. To streamline and strengthen adult education and family literacy efforts, we propose to consolidate Adult Education Act programs, Even Start,

Library Literacy, and the JTPA education set-aside for adult education into a unified State grant program. The new grants would support basic literacy, basic skills, high school completion, GED preparation, and English-as-a-second language programs. Even Start programs, which integrate early childhood education, adult literacy and parenting education, and other family literacy activities, would also be supported.

We are developing our proposal for adult education and family literacy around four principles, which by this time should sound familiar. The first is streamlining: reducing Federal administrative, statutory, and regulatory requirements and redirecting resources from administration to services. The second principle is flexibility: encouraging States to fund the services most needed in their communities. The third principle is choice: disseminating information, through one-stop career centers, about the availability, services, and outcomes of adult education programs. The final principle is quality: we will work with States to raise content standards for adult education and improve the transition to job training and employment programs.

We believe that our proposal would strengthen the relationship between family literacy and adult education programs. The proposal would provide more flexibility to States to direct resources to programs that help adults achieve the skills necessary to be their children's most important teachers.

Again, our program is an integrated part of the GI Bill workforce development initiatives. States and localities would have the flexibility to combine and consolidate adult and family literacy resources with the funds from other programs, such as JTPA adult and dislocated worker programs and State youth programs, in whatever manner they deem will produce high-quality results for people in need of these services.

In conclusion, we are indeed in a period of dramatic economic transition. Almost 80 years ago Congress enacted the Smith-Hughes Act and created a vocational education system that helped us become an industrial powerhouse. Almost 30 years ago Congress passed the Adult Education Act to help adults attain the basic skills needed to participate fully in our society. The Federal role in literacy and career preparation is critical to helping youth and adults respond to these changes. Our proposal puts us in a better position to meet a key challenge today, to prepare our youth and adults for the jobs of the future.

My colleagues and I would be happy to respond to any questions you may have.

Department of Education
Office of Vocational and Adult Education

Biographical Sketch

NAME : Augusta Souza Kappner

POSITION : Assistant Secretary for Vocational and Adult Education

BIRTHPLACE : New York, New York

EDUCATION : Barnard College, A.B.
Hunter College, M.S.W.
Columbia University, D.S.W.

EXPERIENCE

1993 to : Assistant Secretary for Vocational and Adult Education
Present U.S. Department of Education

1992-1993 : Acting President
The City College of New York

1986-1992 : President
Borough of Manhattan Community College

1985-1986 : University Dean for Academic Affairs:
Instructional Research, Adult Learning and Developmental Education
The City University of New York

1984-1985 : University Dean for Academic Affairs: Adult and Continuing Education
The City University of New York

1978-1984 : Professor and Dean of Adult and Continuing Education
LaGuardia Community College

1974-1978 : Associate Professor and Chairperson
Human Services Division
LaGuardia Community College

1968-1974 : Held various teaching and administrative positions at Hunter College, New York City Community College, Columbia University School of Social Work and SUNY at Stonybrook

HONORS AND AWARDS :

American Association of Women in Community and Junior Colleges Presidential Award (1989)

Barnard College Medal of Distinction (1988)

Columbia University Medal of Excellence (1988)

Honorary Doctorate, Doctor of Humane Letters, Trinity College (1994)

Honorary Doctorate, Doctor of Humane Letters, Hunter College (1995)

NEED FOR ADULT EDUCATION

Mr. PORTER. The first question I would like to ask is, how did we get ourselves to this position? You are asking for substantial money to do things that in many cases ought to be accomplished in our schools. We find that our people can't read beyond a fifth grade level, on average. We have spent huge amounts of money in our public education system at all levels of government, yet we put people out with diplomas who can't read. Then we have to provide additional remedial education in our adult education programs or our business enterprises. Many business enterprises are spending inordinate amounts of money to give their workers the skills they should have gotten in our public schools.

Maybe we have to do some things differently than we have done them before. Would you like to comment on that?

Ms. KAPPNER. I think we are proposing to do some things differently, but just to clarify about the adult literacy study, that study covers adults. In those who were studied, you would have a large number of people who are of a quite advanced age and went to school in quite a different time. You have a large number of people who have actually dropped out—

Mr. PORTER. But they are supposed to be the people who can read.

Ms. KAPPNER. Unfortunately not. That is not the case.

You also have a very high number of individuals who are recent immigrants to the country. The largest growing population of those who are in need of adult literacy services are those for whom English is not their first language. This is just a very broad sample of adults.

But certainly I and the Department would agree with you that we need to do things better in our public education system. We believe that that is what we are doing with many of the educational initiatives we have put forward, such as efforts to have local communities address the issue of standards, and the effort to have local communities develop school-to-work systems that address having all young people achieve at a high academic level while at the same time getting the work-related experiences that will help them to succeed in the workplace.

Our vocational education proposal is specifically designed to be the next step in helping schools to do that, in allowing schools to use their resources in a way that vocational education becomes not a tracking mechanism but a way of expanding learning opportunities for all young people and having them achieve to a higher level. So I think we would agree that more needs to be done and we believe the proposal moves in the right direction toward getting it done.

VOCATIONAL AND ADULT EDUCATION RESCISSIONS

Mr. PORTER. Before I yield to Ms. Pelosi, I want to give you a chance to comment on the rescissions passed by the House and by the Senate which are different in some respects and give us whatever thoughts you might have on that. Then I will yield to Ms. Pelosi. Then I will have about 20 pages of questions for you. [Laughter.]

Ms. KAPPNER. Okay. I will try for 20 pages of answers. [Laughter.]

We are extremely concerned about the rescissions that have been passed by the House and at the committee level in the Senate. Just to give you a sense of what some of those things might mean within my area alone, in terms of the rescissions that would affect the adult education part of our enterprise, we are really talking about ending direct services to maybe as many as 92,000 adults who are enrolled in a variety of programs. This would include programs for homeless adults, programs for prisoners and many programs that are taking place in the workplace—about 36,000 or so of those adults are in workplace literacy programs, which have been shown to work and in which businesses are key partners. That would be a very direct impact of the rescissions in adult education.

In vocational education, we are extremely concerned that what is being wiped out is the national capability to do research in vocational education. There are five or so university centers—one at Berkeley in California, one at the University of Illinois, one at the University of Minnesota, one at Teacher's College in New York, one at the University of Wisconsin of Madison, and one at Virginia Polytech—whose funding would be cut for the last 2 years of their contract. We don't think that would advance the field in terms of information.

There are about 19,000 sites in which career information is distributed through the NOICC and SOICC system, which would be cut out by the rescissions that have been proposed or passed at this point. We feel that career counselling information and curriculum information for our young people is absolutely essential to helping prepare them for the world of work.

We are also very concerned about the rescissions that have been proposed for School-to-Work. At the level the rescissions have been proposed for School-to-Work, we would not be able to conduct an evaluation of School-to-Work, and we would not be able to build in the kind of accountability and performance measurement parts of School-to-Work that is so critical. Ultimately, we would have to give fewer State and local partnership grants.

As you probably know, eight States have received School-to-Work implementation grants. All States have been funded for development and planning. The plan is to fund implementation in every State eventually and then to phase out School-to-Work and let the new vocational education act help States maintain that system. We are at great risk of losing the momentum of doing that with the rescissions that have been proposed.

FUNDING LEVEL FOR VOCATIONAL AND ADULT EDUCATION

Mr. PORTER. What did you say was the overall level of funding that is under your jurisdiction?

Ms. KAPPNER. In the fiscal year 1996 budget, our proposal includes \$1.2 billion for vocational education. Our total budget is about \$1.6 billion, including adult education.

ALTERNATIVES TO HOUSE-PASSED RESCISSIONS

Mr. PORTER. The President suggested and we adopted rescissions of \$43 million in accounts that I think are yours. The House added another \$75 million to that figure, if I recall correctly.

We need to downsize the budget. We need to save money and we need to get the deficit under control and bring the budget into balance. If I were to ask you to provide us a list with an alternative \$75 million that you think you could live with in terms of rescissions, could you do that?

Ms. KAPPNER. I would have to say that we have already proposed the rescission of several programs, some of which the committee has certainly acted on. Within the Department, we have proposed a number of consolidations and acted on a number of consolidations and are coming forward now with a proposal that would further consolidate. In the area of vocational education, for example, we are proposing to consolidate into one State grant what GAO refers to as 23 different programs.

So we are working very hard at moving in the direction of streamlining, consolidating, and cutting out any administrative overhead that would prevent the maximum dollars from going to State and local levels to serve individuals.

Mr. PORTER. That didn't quite answer my question.

Ms. KAPPNER. Somehow I didn't think it would.

Mr. PORTER. In other words, we are saying that we have to look at the budgets. We have to find places where we feel there are lower priorities than others and ask everyone under our jurisdiction to make a contribution to helping us get the budget under control. We are spending more than we have. It is as simple as that.

You have expressed—as I knew you would—disagreement with the rescissions that we proposed. We wondered if you could propose others that you would think more appropriate.

You may do it for the record, if you would like.

Ms. KAPPNER. The Administration's position right now is that we do stand behind our budget.

Mr. PORTER. You don't want to help us bring the spending under control, Sally?

Ms. CHRISTENSEN. As Dr. Kappner has said, we have proposed reductions. We proposed reductions that—

Mr. PORTER. This is the dilemma that Congress is put in, though, because we don't agree with the President's budget, which doesn't bring the budget into balance anytime. It goes on with \$200 billion deficits as far as the eye can see. We are going to adopt a budget that does bring the budget into balance over the next 7 years, to the year 2002. Either the Administration can help us do that or simply say, "we don't agree with it and are going to stay with our budget and you can figure it out yourselves."

We would much rather have you say, "well, we are the ones who administer these programs, we know in our minds which ones are the most important and work the best, we also know some that don't work so well and aren't so important and we will give you that guidance." If not, you leave us to do it.

Quite frankly, we need the guidance. You know the answers better than we do. I realize that the Administration's line is basically,

"we are not going to suggest it because we are sticking with our budget," but as a matter of fact, the President's budget is going nowhere. We are going to have to deal with these issues. Everyone does have to make some contribution. We would like to target cuts in places where they will do the least harm and provide the real support for the programs that work best.

I can ask the questions and I do need answers at some point. I hope we can find some way to work together with you and can come to some good conclusions rather than shots in the dark without real input from the people who deliver the goods.

Ms. CHRISTENSEN. Certainly. I am sure in the future, as we go down the road, we will be willing to come back and work with you on these things. But right now the Secretary has made it very clear in his statement, and so has the President, that the burden of reducing the deficit should not fall on education, that it would be a short-term solution and education is a longer-term kind of investment. We think education is very important and in the long-run it will help to increase the revenues as opposed to adding to the deficit. That is the overall philosophy at this point, Mr. Chairman.

PRIVATE SECTOR PARTICIPATION IN WORKPLACE LITERACY

Mr. PORTER. I think I know the answer to this, but Dr. Kappner, can you tell me why we should provide money for Workplace Literacy Partnerships rather than letting the private sector do that on their own?

Ms. KAPPNER. The Workplace Literacy Partnerships under the Adult Education Act are structured as a demonstration program. In fact, under our proposal for streamlining—the Adult Education and Family Literacy Act—we would propose to incorporate workplace literacy as an activity that States are allowed to fund. What needs to happen, though, is that the continued evaluation of those Workplace Literacy Partnerships needs to be completed and disseminated so that the field can see how these curricula work and so that more States and businesses will be able to pick up these curricula as a model. They were intended as a demonstration program, and they are doing that very well. The research seems to say that they work.

The goal is to have the private sector ultimately put more and more money into this, but our role is to do these as a demonstration and get them out there so that folks can see how they work and so that the model can be picked up. What the rescission does is to stop that short in terms of allowing that completion so that it can be picked up on a broader basis by business and States.

Mr. PORTER. Thank you very much.

Ms. Pelosi?

RISK/BENEFIT OF REDUCTIONS

Ms. PELOSI. Thank you very much, Mr. Chairman.

Thank you, Secretary Kappner, for your very impressive statement today and justification for your budget request. I think it is very clear that what you are proposing should have priority and will indeed help us reduce the deficit. Some of our colleagues like to talk about dynamic scoring when they talk about tax breaks for certain individuals, but I think if you are going to go into dynamic

scoring, there is no place where the dynamism is more clear than investing in education that will give us a greater return in terms of revenue coming in, as Ms. Christensen mentioned, as well as helping to reduce the deficit.

Our chairman, unlike some of his colleagues, has been a champion for reducing the deficit. When he talks about looking for who establishes the priorities, it is to reduce the deficit. But the problem we have had is that not everybody in this body is of that mind. There are those who would take away some of the high priority items in order to give a tax break to corporations and the wealthiest in our society.

It is interesting to me that with all the talk on the Floor of the Congress of the United States about risk/benefit analysis before we can do things that there isn't any risk/benefit analysis of when we take funds from investment in young people and people who are not young but who need continuing education. We need to look at what the risk is of loss of productivity and loss of future revenues versus the benefits that we receive.

So it is in that spirit that I say that I was so pleased that at least the Tech-Prep money was restored after some actions were taken in our subcommittee. I thought that was very inconsistent with what people were talking about. But I am concerned about some of the other cuts. The Chairman asked the questions that I usually do about the impacts.

SCHOOL-TO-WORK UPDATE

You mentioned the effect it would have on School-to-Work. Could you tell me, Secretary Kappner, what is happening with the School-to-Work program? I heard what you said about the rescissions, but just in general.

Ms. KAPPNER. Certainly.

The School-to-Work program is going ahead with implementation as a partnership between the Department of Education and the Department of Labor. All 50 States, Puerto Rico, and the District of Columbia have been funded with development and planning grants. Eight States have been funded on a competitive basis to put in place the actual implementation of a school-to-work system and are moving ahead on that. There have been 32 local partnerships funded across the United States to put in place school-to-work systems at the local level. All the funding that has gone out at the State or local level has supported partnerships that involve education, business, and the community on a broad scale. These communities are now, from the bottom up, building an infrastructure that will ultimately allow our young people to move through their education in a way that will have them prepared for work and for the learning that is going to be required of all of us as the economy changes.

We are just about at the point of doing the 1995 State competition for School-to-Work. We are certainly hoping it won't be threatened by the rescissions, but it possibly could be. We would like to be able to, as planned—and as the President's budget request reflects—complete the competition so that all States that want to do this can have the opportunity to compete and be funded to build these systems.

This is a bottom-up, grass roots movement across the United States. Our role as the Federal Government is to give a small amount of money to jump-start that movement, act as a catalyst, and then phase out in the year 2001, allowing the partnerships that have been built to continue using other dollars to make this work on an ongoing basis.

So it is a very cost-effective solution to trying to solve an education problem.

Ms. PELOSI. So you consider it a very high priority?

Ms. KAPPNER. Yes, we consider it a very high priority.

BUDGET RESOLUTION

Ms. PELOSI. It will be interesting to see—if and when we get any agreement between the House and Senate on the Budget Resolution—what priorities emerge in that coming together of House and Senate. But I am awfully glad that you are being firm in your standing behind these educational programs, vocational education programs, and school-to-work programs because for the life of me I cannot figure out how we can sit around here and talk about balancing budgets and cutting back on programs which are good investments and leaving some aspects of the budget—for example, the Department of Defense—harmless in that review.

This year, the President's budget—for the first year in a very, very long time has more revenue coming in than expenditures going out. But of course, we have the interest on the loan for the trickle-down economics of the 1980s to pay, so we are not in balance because of that big chunk of interest on the debt that we have to pay. There is no way to put that off, so everything else has to suffer.

In any event, I appreciate your strong support of the budget request you presented. Thank you for your leadership.

Thank you, Mr. Chairman.

Mr. PORTER. Thank you, Ms. Pelosi. I appreciate your kind comments. In fact, I do not support any tax cuts until we get the budget into balance. I am awaiting a call from the Rules Committee to go up there and try to convince them to make an amendment that would put off the effective date of the tax cuts until the budget is in balance. Not that I have any great hope that will be made in order, but I believe that very strongly.

PROPOSED TAX CUTS

In response to the lady, I have to say that it isn't just members of my party that want to cut taxes, it is also this Administration. The President has proposed his own set of tax cuts without balancing the budget, I might add. While Republicans seem to want to cut taxes and balance the budget, I personally believe that the best way to approach this is to balance the budget and then cut taxes.

I would also say that I have never exempted DOD in my willingness to cut where cuts are justified. DOD has been reduced very greatly over the last 5 or 6 years. Even the President in his budget does not propose any further reductions in that account, although I think we can always look for places to save money. I will be offering an amendment, if it is appropriate, to cut out all funding for

the Sea Wolf submarine that cost \$3 billion per copy, which I think is hideously unaffordable.

I really think we have to find among the parties a common ground that deficit reduction is our highest priority. Everyone has to contribute to it. We need the expertise of the people who administer the programs to help us do it. That is my point.

Ms. PELOSI. Would the gentleman yield briefly?

Mr. PORTER. Happily.

Ms. PELOSI. In response to the gentleman's comments, I support that amendment and wish its success at the Rules Committee. I see no reason why this body is not able to even vote on such an amendment in the new spirit of open rules. But more to the point of what you said, my reference was not to putting the budget together now for next year, it was in the rescission package where the Department of Defense was held harmless. In fact, even putting their hand in the pocket of this committee. But nonetheless, that is what happened.

I think what the Secretary is addressing here is good for the national defense. I think the school lunch program is good for the national defense. If you want to talk about readiness, we have to have well-nourished and well-educated children. So it is not in any spirit of antagonism to the military that I say this. It is just a question of how we get there from here. My reference was to holding them harmless in the rescissions.

But once again, I want to wish you luck with the amendment.

Mr. PORTER. I will need it. [Laughter.]

Ms. PELOSI. I think the point is, though, that some of the things that are called tax cuts are tax deductions for higher education for children or deductions for IRAs that promote education and savings. I think that is quite different than a capital gains reduction. But I am with you. I am not for any tax cuts until we get further down the line in balancing the budget.

Mr. PORTER. Thank you, Ms. Pelosi.

STATE FLEXIBILITY IN LEGISLATIVE PROPOSAL

In your proposed State grant programs for both vocational and adult education, you indicate that the single State grant would give more freedom for the States to act. This is certainly a goal with which I fully agree. However, can you tell the committee specifically how this new legislation would give the States more freedom than the existing State programs activity under adult education and the basic State grants for vocational education?

Ms. KAPPNER. Let me begin with our proposal for restructuring the Perkins legislation.

Essentially, we are proposing to eliminate the existing set-asides in the legislation. There are some that are unfunded. There are many that are funded. We propose to collapse these into one State grant. Currently, under the existing legislation, there are set-asides, for example, for correctional education and for Tech-Prep. There are set-asides for a variety of populations, which then have differing ways of approaching them and different processes the States must engage in as to how they approach these monies, use these monies, and put these monies together to serve their populations.

Essentially, we are proposing to give States the flexibility to use those dollars in one pot, to come up with a plan for their State that would be performance-based, and in which they would tell us what it is they plan to achieve for their populations that would bring vocational education into the mainstream of education reform and not have it sitting out there as a separate pot.

It would then enable the States to use their dollars more flexibly together to raise standards for all kids. The proposal is very much targeted on bringing this piece of legislation in line with the School-to-Work Opportunities Act so that these dollars would then be used to integrate academic and occupational education, to integrate classroom-based and work-based learning—all the kinds of activities that are also talked about in the School-to-Work Opportunities Act.

The States would be able to do this through one plan. They would be able to coordinate these plans with the other educational plans that they submit to our Department. They would also be able to coordinate these plans with the JTPA plans that they submit to the Department of Labor. It would be greatly simplified in terms of process, procedure, and accountability of the States to us.

Under the restructured Adult Education Act, we are proposing to bring together the current set-asides in the Adult Education Act and the National Literacy Act, with Even Start, which is in a separate legislative authority, and with Library Literacy. And instead of having three sets of processes by which States would have to access these monies, they would be able to access these monies through one plan and set priorities about which populations are the most important to serve.

The Act would continue to be available for basic education, GED-type education, and English as a second language education, but also with a stronger emphasis on family literacy because there is such a clear tie between the literacy of the parent and the future academic success of children.

I hope I have answered your question.

TREATMENT OF UNFUNDED PROGRAMS

Mr. PORTER. I thought I heard you say that in consolidating the legislation you would take all the programs, including programs that are unfunded—did you say that?

Ms. KAPPNER. We are eliminating unfunded programs.

Mr. PORTER. Eliminating? You are not suggesting—this would take authorizing legislation to do this consolidation.

Ms. KAPPNER. Yes. We are working on an authorizing proposal.

Mr. PORTER. And this would repeal unfunded programs?

Ms. KAPPNER. Yes. We would repeal, in essence, the Perkins and Smith-Hughes Acts and replace this with a new Career Preparation Act, which would be designed to give this flexibility to the States.

Mr. PORTER. There are a certain number of programs that have been around for a long time that have never been funded or have stopped being funded but not repealed. On the Appropriations Committee, we would hope they would be repealed.

Ms. KAPPNER. That is part of our proposal.

CONSOLIDATION OF CONSUMER AND HOMEMAKING EDUCATION

Mr. PORTER. The Consumer and Homemaker Education program has been the subject of a great deal of mail to my office. I assume to other Members of the subcommittee.

The President proposes to consolidate this program into the State grants for vocational education. Can you discuss for the committee the justification for this consolidation and success or lack of success achieved by the program?

Ms. KAPPNER. Yes. My office also receives a great deal of mail on this program.

This is a program which we believe can be accomplished by the States without a set-aside. If the State chooses to put its dollars into consumer and homemaking, that should be its choice, but not something that we establish by a set-aside. It really is something that should be in the realm of State priorities.

These programs operate largely with State funds with relatively few Federal dollars. We believe that if a State chooses to continue this program, it would be able to do that in a successful manner. In many places, these programs are trying to become more relevant to the job market in addition to providing the traditional consumer and homemaking education. In those States, we believe that they would continue those programs that are relevant.

Mr. PORTER. What do you say to people who are advocates of this program who come in and say, "well, we won't get a fair shake in State A, B or C and this is a terrible thing to do because there won't be any consumer and homemaking education in our State"?

Ms. KAPPNER. Well, the letters we have been sending out have probably said much the same as some of the letters you may have to send out, which is essentially that we believe that if the program is truly needed it will get a fair shake in any State. If the program is meeting a real purpose, then a State will choose to use its dollars that way. If it is not meeting a real purpose, then there should be no reason for continuing it.

We have also talked at length to these constituencies about the need to consolidate and streamline and to give the States greater flexibility. But it is not always an answer that makes people happy.

Mr. PORTER. Nobody welcomes change where they have to do something new. And influencing a State government as opposed to influencing the course of policy at the Federal Government level may be new for a lot of programs. I think people feel very comfortable as long as their program is being funded, but when it is consolidated, they have to go to a whole new court and present their case all over again. I am sure that is frightening. But in this case, I think the Administration's policy is correct, that the States ought to be able to decide whether they want this as part of their education program and leave it up to them.

FUNDING FOR RESEARCH AND DEMONSTRATION ACTIVITIES

In both the vocational education and adult education consolidations, the President proposes to create national program accounts to fund research and demonstration activities. Throughout the Department there are a myriad of these little research demonstration

and dissemination activities with seemingly little coordination or justification other than that each program should have its own.

Of course, we also fund the Office of Educational Research and Improvement. In a time of tight budgets, why should we not just fund one budget for research and demonstration and have the Department make priority decisions as to which projects to fund? Why do we need to have separate ones?

Ms. KAPPNER. We believe that the existing authority to have a center in vocational education and research is critical to the field. Vocational education, as you know, has grown up as a very separate part of education. We are trying now to use the research that exists. The research that is done by the National Center on Vocational Education is research which is fed back into programs for program change. It is different than the long-range kind of research that is done under OERI, for example. It is specific program research which is disseminated to the field in a way that there can be quicker turn-around and reaction to that data.

Mr. PORTER. But why can't we just fund OERI and you can influence what they do. We trust Sally. Sally can figure it out for us. I don't know why we need to have a separate one in each area. Why can't the Department have one for everybody and they can figure out what the priorities are.

Ms. KAPPNER. I don't believe we have separate centers in each area. I believe we have consolidated most of our centers. The vocational education one has a somewhat different focus and purpose.

Mr. PORTER. But the President proposes to create one in your area. Am I correct?

Ms. KAPPNER. It exists now.

Mr. PORTER. And in consolidation, it would continue to exist. Why don't we just put that authority over into OERI and let them handle that.

Ms. KAPPNER. I don't think we're arguing about the authority. We don't really have a problem with the authority. We do believe there is a need for such a function and a center, however.

Ms. CHRISTENSEN. Mr. Chairman, our feeling is that these programs are more effectively carried out with the program areas and that they can impact upon each other in a very positive way as those programs are carried out. It is also true that we have a new OERI now that has been restructured. One of the more important functions they will be carrying out is coordinating all these research and demonstration activities around the whole Department to assure that there is no duplication and that the highest priorities are carried out in each area.

So we think we have the best of both worlds.

Mr. PORTER. So they would have some authority to try to make some coordination out of this through OERI?

Ms. CHRISTENSEN. Absolutely. And this is one of the highest priorities of OERI right now. In fact, their new research advisory board is meeting for the first time tomorrow. That is one of the things they will be looking at.

Mr. PORTER. Thank you.

Ms. Pelosi?

Ms. PELOSI. I have no further questions, Mr. Chairman. Thank you.

FUNDING FOR TECH-PREP

Mr. PORTER. The Tech-Prep program has also been the target of much interest in our office as of late, as I am sure with other Members as well. You have proposed no funding for this activity in fiscal year 1996. Many callers are concerned that we are disrupting and possibly terminating one of the few Federal programs that seems to work.

Would you discuss why you chose to terminate this program and how you see the continued funding of its activities related to the Administration's school-to-work initiative?

Ms. KAPPNER. We are not proposing to terminate the program. We are proposing to eliminate the set-aside for the program. In our proposal to restructure the Perkins Act, we are building into our proposal the Tech-Prep approach as an approach which can be used more broadly by all States. If they choose, they can fund the consortia of secondary and post-secondary schools. In the current legislation it exists as a set-aside. If States want to develop these very successful consortia between high schools and community colleges, they do this under the set-aside. We believe it has worked. We believe it should be a broader model which is incorporated into the whole approach to vocational education.

So we are not proposing to eliminate Tech Prep. We are just proposing to eliminate the set-aside and to write it in as part of the broader approach for vocational education.

Mr. PORTER. Does that require new legislation?

Ms. KAPPNER. Yes. We are working on authorizing legislation for the restructuring of Perkins.

Mr. PORTER. But since we will mark up before such authorizing legislation is enacted, presumably we would have to mark up Tech-Prep as if it continued to exist. Or would we not?

Mr. CORWIN. It would be a categorical program. It would be up to the subcommittee whether or not to continue it.

IMMIGRANT ENROLLMENT IN ENGLISH-AS-A-SECOND-LANGUAGE PROGRAMS

Mr. PORTER. According to a departmental evaluation, 46 percent of new adult education clients are enrolled in English as a second language, and these students account for 76 percent of instruction hours. I assume that most of these students are not U.S. citizens—although maybe that assumption is wrong—and are using this educational opportunity to prepare for citizenship or to improve their earning capacity.

What are the total expenditures from this program on immigrant education?

Ms. KAPPNER. That is a number I would have to get back to you. It is not a number I have available to me today.

The great bulk of individuals who are in the English-as-a-second-language program are recent immigrants who are preparing for citizenship, or who in some cases may already be citizens but just need a better mastery of English to be able to move ahead in their jobs, for example. I would have to get back to you with those other figures.

Mr. PORTER. Well, with this program funded at \$300 million and with bilingual and immigrant education funded at \$245 million, it is clear that we are spending more on immigrant education in the adult education program than in the program specifically enacted for this purpose. Is this a correct assumption? And is it an appropriate use of these funds?

Ms. KAPPNER. That is a decision that essentially States make. The Adult Education Act, in terms of the Federal role, authorizes States to use these dollars for adult basic education—which is for individuals who have a less than fifth grade education, or for adult secondary education—which is generally individuals preparing for the GED, or for English as a second language.

The legislation puts a cap on what percentage of the dollars can go for GED preparation, but it puts no cap on the percentage of dollars that can go for ABE or ESL. So States really decide how to allocate services based on what their needs are. In States that have high immigrant populations, where they have chosen to use their dollars for ESL programs, it is a totally appropriate use of funds under the existing legislation.

Mr. CORWIN. I also think it has been fairly successful in encouraging the good use of the funds. The States tend to have perhaps the highest demand, in terms of waiting lists and so forth, for the English-as-a-second-language portion of adult education. In terms of results, immigrants and the other limited English proficient populations tend to stay in the programs longer and more frequently achieve positive outcomes. I don't know how you make the call on relative funding for this versus the K-12 bilingual programs, but at least we feel like we are getting good outcomes from the adults.

EXCESS CAPACITY IN ADULT EDUCATION

Mr. PORTER. If you put ESL aside and looked at the rest of the adult education programs, would you say that you have substantial excess capacity?

Ms. KAPPNER. No, not at all. There are estimated to be about 44 million adults who fall into the target category of this legislation. Under the current legislation, we serve only about 10 percent of those 3 to 4 million people a year. There are long waiting lists in ESL, but in general, the lack of resources prevent a greater expansion of programs at the local level.

LOCAL PROGRAM IMPROVEMENT

Mr. PORTER. Recent evaluations indicate that "most local programs lack basic management information needed to improve their programs." The discussion went on to indicate that "few local programs maintain client-specific records" and that they report pre- and post-education test scores for only 3 percent of the new clients.

Exactly how will the Administration's new consolidated grant proposal address this lack of data and accountability for success or failure of the programs?

Ms. KAPPNER. One of the problems in adult education is that these programs operate basically on a shoestring and that a large percentage of the individuals who are employed by these programs are part-timers. Under our proposed restructuring of the Adult Education Act, we are focusing on several items that I think will

be helpful in that realm. The first of those is to work with the States in carrying forward some definition of quality outcomes for adult education and family literacy, to have some clear outcomes that can be measurable. That is the first thing.

Second, to support States—as we have already begun to do—in building data management systems that can give the information back from the locals to the States and when needed from the States to the Federal Government.

And third, to put in place some support for professional development for staff so that the connection that we know is there between quality teaching and quality outcomes becomes a real one for more programs.

We are talking about very few dollars that are in these programs. We are talking about programs that operate with a very high percentage of part-time staff. It is essential that we find ways through technology and other methodologies to help these programs strengthen their management, identify quality outcomes, and also upgrade their teaching and counselling staff to achieve such outcomes.

Mr. PORTER. Again—and I certainly agree with what Ms. Pelosi said earlier—none of us disagree as to the importance of education at all levels, nor the need to make the investment so that we get the results. But we do need to get the results, and we need to target the money where it does the most good and we can show that the money is well spent and effectively spent. That is what we are most concerned about.

EXCESS CAPACITY IN ADULT EDUCATION

In answer to the excess capacity question that I raised a few minutes ago, my staff have brought to me the summary of evaluation findings regarding major Federal programs, prepared by the Office of the Under Secretary of the Department of Education. Under adult education they have cited, "Programs have the capacity to serve more participants. Data clearly indicate that the adult education system, with the important exception of ESL programs, has the capacity to serve additional clients. Programs operated by community colleges and programs serving non-metropolitan areas were especially likely to report excess capacity."

That is why I asked you whether you thought there was excess capacity. They seem to indicate that there is more capacity than there is demand.

Ms. KAPPNER. I think many of those institutions that serve adult learners are very eager to expand services to adult learners. I think excess capacity may simply mean that if they had the dollars to do this they would be able to do this. They have the classroom space and those kinds of facilities. If they don't have the dollars to do this, then it is not something that is likely to happen.

IMPROVING ADULT EDUCATION OUTCOMES

But to come back to the direction we are heading with our new proposal, we believe that we are heading in the direction of trying to identify quality outcomes with States and programs that do this, with strengthening management, with strengthening connections that are real important. We know that in the cases where there are

support services provided to adults who are in these programs, they stay in the programs longer and are more likely to achieve the outcomes—whether GED or a certain amount of academic gain or a job in certain cases. In our proposal, we are also trying to tie adult education into strong sources of labor market information, such as the proposed one-stop centers, so that there can be a better system all around so that adults will stay, will progress, and will get what they need in order to be productive citizens, parents, and workers.

IMPROVING THE GED

Mr. PORTER. Discussions in the Department's biennial evaluation report for fiscal years 1993 and 1994 evidence a concern that the GED test is not an adequate test of high school equivalency. What is the Department's role in assuring the adequacy of the test? And what is being done to improve it?

Ms. KAPPNER. The GED, I should mention, is not a Federal test. It is not a Department test. It is a test that is administered and developed by the American Council on Education. During our recent hearings on the Adult Education Act, we had thousands of people come forward to tell us how important the GED is because they were concerned that maybe we were thinking of something that might interfere with the ability of adults to get a GED.

Under our new proposal, we are specifically addressing the issue of working with States on setting standards for GED, because, although it is one test, States use different levels to indicate what passage means. So our proposal specifically addresses working with States to develop standards for GED acquisition that would be challenging standards, that would have to do with actual content, and that would better reflect the kinds of skills and abilities that adults are going to need in the economy, just as we have that concern for our younger students coming out of our public schools.

SCHOOL-TO-WORK FUNDING

Mr. PORTER. Dr. Kappner, the Administration places greater store in the School-to-Work program, as evidenced by your testimony. Yet this is a seed money program and the funds will run out in 3 years.

The history of these programs is that as each program comes to an end there is strong pressure on the Administration and the Congress to extend the program and continue the funding. That was at least the experience with many of the seed money programs in the 1960s and 1970s. It is likely to occur again.

What changes have you made to assure that this pressure will not occur again and that this program will become just another categorical grant program as States face the end of funding?

Ms. KAPPNER. We have structured the implementation grants to States to be one-time, 5-year terminal grants. That is the first thing. Secondly, the School-to-Work legislation specifically speaks of the intention of this Act as a lever for other funds to carry on the programs that fit into the system that School-to-Work is designed to help States set up. So the restructuring of the Perkins legislation becomes a very critical piece in whether or not school-to-work systems will be able to continue.

We would see that as School-to-Work goes out of existence, a new Perkins Act would come into play to allow schools to have the resources to continue to implement these programs. That would be very critical. That is why our proposal is so important at this time.

Mr. PORTER. So what would you expect the history of the funding, then, to be? In other words, are we going to put these concepts under the Perkins grants to States?

Ms. KAPPNER. As we are drafting authorizing legislation, we are targeting that legislation to be the dollars that schools and community colleges would have to use to support on an ongoing basis the goals of school-to-work systems.

Mr. PORTER. So we will likely need more money?

Ms. KAPPNER. We will need the continuation of a vocational education act of some sort as a permanent funding source to back up what is a temporary source.

Mr. PORTER. In other words, we are not expecting that States to pick up this cost?

Ms. KAPPNER. Out of which dollars? We are expecting that States will use their vocational education dollars in this way and their JTPA dollars.

Mr. PORTER. Federal dollars?

Ms. KAPPNER. Federal dollars and State dollars and private dollars. Since the School-to-Work Act is built on a partnership, and we are funding partnerships, at the local and State levels, we will hopefully ultimately get not just investment of State dollars, which we are already getting, but also investment of private dollars in terms of the workplace training part of it.

Mr. PORTER. That is my last question. You have handled them all in an exemplary fashion. We appreciate the job that you are doing for the Department and for our country. Your testimony was A plus.

Ms. KAPPNER. Thank you, Mr. Chairman. We are looking forward to working on improving our education systems in a bipartisan fashion.

Mr. PORTER. Thank you, Dr. Kappner.

[The following questions were submitted to be answered for the record:]

VOCATIONAL EDUCATION NATIONAL PROGRAMS

Mr. Stokes. Under the rescission bill funding for Vocational Education National Programs is eliminated. What are the implications of this termination?

Dr. Kappner. The majority of funding requested for vocational education national programs is for continuations of grants already awarded. A total of \$28.1 million is needed for continuations. In addition, the rescission would eliminate funds the Department planned to use for the following new demonstration grant competitions:

- Teacher and Learning Improvement. This competition would address three Senate appropriations report directives: Center for Emerging Technologies; Alternative Career Opportunities in Timber Communities; and Student/Teacher Motivational Incentive Programs. We estimated that seven projects would be funded through this demonstration.
- Dislocated Workers. The Department received \$3 million in funds for this demonstration and is currently developing plans for a transfer of these funds to the Department of Labor. Estimates for the number of individuals that would be served through these projects are not yet available. However, with \$1.9 million over 5 years (fiscal years 1988-1992), the Department funded five dislocated worker centers that served approximately 3,000 individuals.

Mr. Stokes. To what extent would projects be terminated mid-stream? Specifically, what impact would this have on individuals served by these programs?

Dr. Kappner. The rescission would terminate a number of research and demonstration projects in mid-stream. For example, the rescission would:

- Eliminate all funding for the 4th year of a 5-year grant for the National Center for Research in Vocational Education (\$6 million). NCRVE serves as a change agent by conducting research and working to integrate research with practice. NCRVE distributes some 18,000 publications annually, and distributes a quarterly newsletter and research syntheses to 15,000 educators.
- Terminate \$1 million, all funding, to six regional Curriculum Coordination Centers (CCCs) that respond to regional and local needs for curriculum development and dissemination. These centers reduce duplication of efforts among States, schools, and campuses. In 1993 and 1994, over 1,500 CCC-identified curriculum products were adopted or adapted by States, and the CCC network conducted over 1,000 in-service and technical assistance workshops reaching over 100,000 educators.
- Terminate funding in mid-stream for a number of demonstration projects, including:
 - The 3rd and final year for five Community Education Employment Centers

(\$2 million), leaving students in five communities without critical career educational services, and leaving incomplete five potential national models.

- The 4th year of a 5-year agreement between ED and the Department of Defense to support Career Academies (\$1.7 million), now in eight cities and proposed for expansion in 1995.
- The 3rd and final year of a Native Hawaiian Vocational Education Initiative for high-risk youth (\$500,000).
- Continuations of multi-year projects to design curriculum and courses that integrate vocational and academic learning, provide professional development, and disseminate effective practices. These projects began with fiscal year 1993 and fiscal year 1994 funding, and will continue for 3 and 4 years respectively. Over 6,000 educators would be trained, and innumerable students would benefit from challenging academic and vocational education offered in successfully integrated programs (\$10 million).
- Eliminate all funding for the National and State Occupational Information Coordinating Committee Network (NOICC/SOICC) through which workforce preparation and labor market issues can be addressed and acted upon in an integrated, coordinated manner. Career Information Delivery Systems are located in over 19,000 sites nationwide and serve over 7 million people each year.

Mr. Stokes. What is the estimated number of individuals that would go unserved?

Dr. Kappner. The House rescission package would end direct services to over 115,000 individuals being served through various research centers (e.g., NCRVE and the CCCs), and to approximately 15,000 youth being served through the demonstration projects. In addition, the rescission of all funds for the National and State Occupational Information Coordinating Committees would indirectly affect over 7 million individuals that benefit from Career Delivery Systems.

IMPACT OF ADULT EDUCATION RESCISSIONS

Mr. Stokes. A number of programs that the Department had proposed to consolidate in FY 1996 would be terminated under the rescission. For example, four separate Adult Education grant programs would be terminated. Are these programs simply a duplication of the Basic State Grant? Explain.

Dr. Kappner. The House bill rescinded four Adult Education programs -- Adult Education for the Homeless, Workplace Literacy Partnerships, Literacy Programs for Prisoners, and State Literacy Resource Centers -- that the Administration proposes to consolidate in 1996. Under current law, States may use Basic State Grant funds to serve the homeless and the incarcerated and to provide training in the workplace. However, the demonstration programs that the House bill would terminate should continue to be

funded in fiscal year 1995 because they will generate important information on effective practices for serving disadvantaged populations and for providing adult literacy training in the workplace. For example, the House rescission would end funding for a congressionally mandated evaluation of Workplace Literacy Partnerships before important lessons could be learned from it.

In addition, while the Administration proposes to consolidate these programs and fold their funding into the Basic State Grant, the House-passed rescission would simply terminate the programs without retaining any funding. The result is that local programs would end and needy adults would not be served.

Mr. Stokes. How many people would go unserved by this action and what services would not be provided?

Dr. Kappner. The House rescission package would end services to an estimated 92,000 adults. Through Adult Education for the Homeless, Workplace Literacy Partnerships, and Literacy Programs for Prisoners, adults who lack the literacy skills necessary to be successful and productive members of our society receive basic education, secondary education, and English-as-a-second-language training, in addition to a variety of support services, such as job counseling and referral, transportation, and child care. These services would end as a result of the House rescission bill.

Mr. Stokes. Specifically, what would be the short-term and long-term impact?

Dr. Kappner. In the short term, the House bill would end all funding for Adult Education for the Homeless, Workplace Literacy Partnerships, Literacy Programs for Prisoners, and State Literacy Resource Centers without a plan to meet the needs of adults served by those programs. The Administration's budget request would consolidate funds for the four grant-making programs into a larger State grant program so that, in all likelihood, an equivalent number of adults would continue to receive important literacy services.

Terminating funding in 1995 would also disrupt the grant cycles for two programs. Fiscal year 1995 funds would support the final year of 3-year grants for Workplace Literacy Partnerships and life skills training for prisoners. A rescission would force the premature termination of these grants and would prevent the Department from identifying successful models that could be replicated nationally for years to come.

Finally, a rescission of State Literacy Resource Centers funding would end support for this program after only 3 years of Federal funding. Because current legislation would not permit States to continue the Centers with Adult Education State Programs funds, the House rescission package would terminate a Federal investment without providing any means of continuing those Centers that have proven successful. In contrast, the Administration's proposal would permit States to use Federal funds to continue the Centers, if they decide the Centers have been a wise investment.

NATIONAL LITERACY ADVANCEMENTS

Mr. Stokes. As a Nation, we have been making progress with respect to literacy. Would you update the Subcommittee in terms of how far we have come over the past 5 years, 10 years?

Dr. Kappner. Data from the 1992 National Adult Literacy Survey (NALS) can be used to compare the performance of 21- to 25-year-olds assessed in 1985 as part of a study of the literacy of young adults to: (1) adults in the same age group who were assessed in 1992, and (2) 28- to 32-year-olds assessed in 1992, who were between 21 and 25 years of age in 1985. These comparisons are possible because the study of young adults and the NALS share the same definition of literacy and a common set of prose, document, and quantitative literacy tasks.

Overall, the NALS found that young adults' average prose, document, and quantitative proficiencies were somewhat lower in 1992 than they were in 1985. The scores of 21- to 25-year-olds assessed in 1992 were 11 to 14 points lower than the scores of their same-age peers in the 1985 study. The average proficiencies of 28- to 32-year-olds who participated in the NALS were similarly lower -- by about 10 to 11 points across the prose, document, and quantitative literacy scales -- than those of 21- to 25-year-olds in the young adult survey.

The authors of the NALS attribute the decline in young adults' literacy performance, in part, to changes in the make-up of the young adult population. For example, 7 percent of the 21- to 25-year-olds surveyed in 1985 were Hispanic, while that statistic climbed to 15 percent for the NALS. Many of these adults were born outside of the U.S. and do not speak English as their first language. Hispanics in both the 21-to-25 and 28-to-32 year-old categories performed less well on the NALS prose, document, and quantitative scales than they had in 1985. In addition, on average, white and black NALS participants outscored Hispanics on each of the three scales. Among white adults, those 21- to 25-year-olds tested in the NALS demonstrated lower average proficiencies on all three literacy scales. However, the 28- to 32-year-olds' scores were not significantly different from the adults aged 21 to 25 who participated in the 1985 survey. Black adults' performance on the NALS was comparable to their performance of 7 years earlier, except on the quantitative survey, in which black 28- to 32-year-olds scored lower than participants in the young adult survey.

It should be noted that the NALS data reflect the average literacy skills of 13,600 randomly selected adults. While we do not have comparable data for participants in adult education programs, we know that adult learners are achieving some successes. For example, data from 1992-93 indicate that adult education students accomplished the following:

- 226,423 received a General Educational Development (GED) certificate;
- 68,584 obtained adult high school diplomas;

- 29,014 were removed from public assistance;
- 129,339 gained employment; and
- 101,187 secured a better job.

Mr. Stokes. What impact has this progress had in the labor market?

Dr. Kappner. The National Adult Literacy Survey (NALS) found an important link between literacy and economic characteristics. Individuals demonstrating higher levels of literacy are more likely to be employed, work more weeks in a year, and earn higher wages than less literate adults. Adults who performed at the lowest level of the survey reported working an average of only 18 to 19 weeks in the year prior to the survey, while those in the highest three levels reported working between 34 and 44 weeks.

NATIONAL INSTITUTE FOR LITERACY

Mr. Stokes. With respect to the National Institute for Literacy, what role has it played in this program?

Dr. Kappner. The Institute engages in a variety of activities, such as those described below, to strengthen the capacity of the literacy field to meet the needs of adult learners.

Consistent with its legislation and in consultation with the literacy community, the Institute is developing the Literacy Information and Communication System (LINCS), designed to: (1) provide people in all sectors of the literacy community with easy access to a wide array of national and international literacy data sources; and (2) link members of the literacy community electronically in ways that will help them enhance their work and better serve their clients. LINCS does not duplicate the content or functions of existing or planned data bases or networks; rather, LINCS' mission is to provide a mechanism for connecting all literacy data bases. LINCS is now operating as a prototype. Its users have access to individual data bases, including those of the Library of Congress, the National Center on Adult Literacy, and the Texas Literacy Resource Center, and the National Literacy Data Bases of Canada and New Zealand. LINCS also includes a directory of literacy organizations, grant announcements, and a calendar of events.

The Institute has also awarded 2-year State capacity-building grants to the Governors of 14 States and is in the process of disseminating the results of these two initiatives. The goal of these projects is to improve the overall quality of literacy programs -- be they funded as employment training, welfare-to-work, or education initiatives -- by standardizing and simplifying performance management systems and developing interagency systems for staff development.

In accordance with the fiscal year 1992 Appropriations Conference Report, the Institute began funding a National Adult Literacy and Learning Disabilities Center in 1993. The Center, operated by the Academy for Educational Development in collaboration with the University of Kansas, is the only institution in the country

dedicated to providing the literacy field with information and new tools and approaches to address the learning disabilities of adults. The results of the National Adult Literacy Survey (NALS) reveal how critical it is for the Nation to develop a better understanding of adult learning disabilities. The NALS found that, without exception, adults with any type of disability, difficulty, or illness were more likely than those in the total population to perform in the lowest literacy levels.

Mr. Stokes. To what extent does the Institute duplicate the activities of OERI and OVAE?

Dr. Kappner. The National Institute for Literacy has unique features, not found in OERI and OVAE, that place it in an excellent position to identify and implement strategies for building a world-class system of adult basic education and literacy. First, the Institute is governed by an Interagency group, made up of the Secretaries of Education, Labor, and Health and Human Services, and a Board of 10 individuals representing the literacy community. Both the Interagency Group and the Board are instrumental in developing the Institute's goals and objectives and ensuring that its activities reflect the needs and interests of the broader literacy community. Second, the Institute has a broad legislative mandate and considerable flexibility to move quickly and in a strategic fashion. Third, while OVAE and OERI focus on the educational aspects of literacy, the Institute addresses literacy issues from a variety of angles, including the role of literacy in job training and welfare reform programs, and from the perspectives of a wide-range of service providers at all levels of government. For example, the Institute issued its State capacity-building grants to Governors, rather than to the entity that oversees adult education, in order to secure the participation of individuals working across the broad spectrum of adult literacy issues.

WEDNESDAY, MARCH 29, 1995.

**SPECIAL EDUCATION AND REHABILITATION SERVICES
AND DISABILITY RESEARCH**

WITNESSES

JUDITH E. HEUMANN, ASSISTANT SECRETARY FOR SPECIAL EDUCATION AND REHABILITATIVE SERVICES
HOWARD R. MOSES, DEPUTY ASSISTANT SECRETARY, OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES
FREDRIC K. SCHROEDER, COMMISSIONER, REHABILITATION SERVICES ADMINISTRATION
THOMAS F. HEHIR, DIRECTOR, OFFICE OF SPECIAL EDUCATION PROGRAMS
KATHERINE D. SEELMAN, DIRECTOR, NATIONAL INSTITUTE ON DISABILITY AND REHABILITATION RESEARCH
SALLY H. CHRISTENSEN, DEPUTY ASSISTANT SECRETARY FOR BUDGET
CAROL A. CICHOWSKI, DIRECTOR, DIVISION OF SPECIAL EDUCATION, REHABILITATION AND RESEARCH ANALYSIS, BUDGET SERVICE

Mr. PORTER. Next we are pleased to welcome Judith Heumann, the Assistant Secretary for Special Education and Rehabilitative Services.

Ms. Heumann, why don't you introduce the people at the table with you and then proceed?

INTRODUCTION OF WITNESSES

Ms. HEUMANN. Good afternoon. It is great to be here with you, Mr. Chairman.

On my very far left is my Deputy, Howard Moses; next to him is Katherine Seelman, the Director of the National Institute on Disability and Rehabilitation Research; to her right is Dr. Thomas Hehir, the Director of the Office of Special Education; to his right is Dr. Fredric Schroeder, who is the Commissioner of the Rehabilitation Services Administration; and you know Sally Christensen and Carol Cichowski.

BACKGROUND OF BUDGET REQUEST

I am pleased to be here this afternoon to present the fiscal year 1996 budget request for the Special Education and Rehabilitation Services and Disability Research accounts, which are administered by the Office of Special Education and Rehabilitative Services (OSERS).

Historically, people with disabilities have been denied education, employment, and access to public accommodations, as you well know. As recently as the 1970s, large numbers of people with disabilities were routinely sent off to State institutions, stripped of their human rights, and denied basic dignity. Through enlightened

Federal legislation, we have changed the role of Government from that of a caretaker to that of an enabler. Our Federal programs seek to enable people with disabilities to participate fully in all aspects of American life as equal citizens.

The mission of the Department of Education is to ensure equal access to education and to promote excellence throughout the Nation. Our mission in OSERS is to provide leadership to achieve full integration and participation in society of people with disabilities by assuring equal opportunity and access to and excellence in education, employment, and community living.

Our programs are advancing the missions of both the Department and OSERS in the following ways:

Through the Individuals with Disabilities Education Act (IDEA), greater educational equity and opportunities for life-long learning are afforded to over 5 million children with disabilities, and with positive results. From 1985 to 1992, the percentage of students with disabilities 16 years of age and over exiting the education system with a diploma or certificate of completion has increased from 55 percent to 64 percent. This success is in part why we are seeing an increase in the number of disabled people attending institutions of higher education.

Each year the Vocational Rehabilitation State Grant program assists more than 200,000 individuals with disabilities to enter or return to the competitive labor market or become self-employed. Approximately 77 percent of the individuals who achieve an employment outcome each year report that their own income is their primary source of support, indicating less reliance on other sources of income such as public assistance.

OSERS supports research that has changed the nature of rehabilitation and special education. This research has contributed to the development of new and innovative approaches to the education and rehabilitation of individuals with disabilities of all ages and new technologies, such as computer adaptations and communication devices.

HIGHLIGHTS OF THE BUDGET REQUEST

I will outline some key parts of our fiscal year 1996 request.

In Special Education, the Administration is considering several amendments to the IDEA to strengthen its focus on improving education results for children with disabilities and to eliminate unnecessary burdens and disincentives to best practices. Our legislative proposal would build on 20 years of successful experience in the implementation of IDEA.

The budget request is based on our current expectations for new legislation and is subject to change based on the final legislative proposal. The total request of \$3.3 billion is an increase of 2.7 percent over the fiscal year 1995 level. The entire increase would be applied to Grants for Special Education to help States meet the increased costs resulting from projected growth in the number of children to be served.

In developing its legislative proposal, the Administration is discussing how best to assure that funds are set aside by the States to meet the needs of preschool children. We continue to place a high priority on the Grants for Infants and Families program and

are requesting \$315.6 million to maintain funding at the fiscal year 1995 appropriation level.

As the only Federal program focused exclusively on children with disabilities aged birth through two, this program plays a major role in improving the school readiness of young children who are likely to experience poor outcomes because of their disability.

We anticipate consolidating 14 Special Purpose programs into five new Program Support and Improvement grants under the reauthorization. The consolidated authorities would provide a streamlined and coherent structure for helping States improve education results for children with disabilities. We are requesting \$254 million for these purposes.

The President's budget request of \$2.5 billion for Rehabilitation Services and Disability Research will increase the employment options of individuals with disabilities, and maximize their inclusion in the mainstream of our society.

For the Vocational Rehabilitation State Grants program, the primary source of Federal funding for vocational rehabilitation services, the Administration is requesting a \$64.7 million, or 3.1 percent, increase over the fiscal year 1995 level. The requested amount would assist State vocational rehabilitation (VR) agencies in responding to the increase in eligible individuals in the VR system and to offset the increased cost of providing vocational rehabilitation services to a more significantly disabled population.

The Department is proposing a reduction of \$6.6 million for the Special Demonstration programs in order to redirect funds to higher priority direct service programs such as Vocational Rehabilitation and Supported Employment State Grants.

HIGHLIGHTS OF THE BUDGET REQUEST

The National Institute on Disability and Rehabilitation Research, NIDRR, provides an important link between research and practice in the delivery of services to individuals with disabilities. NIDRR supports the research, training, and dissemination of information necessary to plan, improve, and evaluate services provided through OSERS and other disability-related programs. The \$70 million request for NIDRR maintains the fiscal year 1995 level of support and would provide funding for 66 research centers, including seven new centers, and other activities.

We believe that the President's fiscal year 1996 budget request represents a needed and appropriate commitment of funds to the provision of direct services for individuals with disabilities. Although we have made much progress in enabling individuals with disabilities to achieve greater educational, employment and independent living outcomes for themselves and their families, there is still much that needs to be done. We stand committed to working with States, school districts, and others to see that we continue to build upon our past accomplishments.

My colleagues and I are fully ready for the array of questions. [The prepared statement and biography of Judith E. Heumann follows:]

Department of Education

Statement by

Judith E. Heumann
Assistant Secretary for Special Education and
Rehabilitative Services

on

Fiscal Year 1996 Request for
Special Education and
Rehabilitative Services and Disability Research

Mr. Chairman and Members of the Committee:

I am pleased to be here this afternoon to present the 1996 budget request for the Special Education and Rehabilitative Services and Disability Research accounts, which are administered by the Office of Special Education and Rehabilitative Services (OSERS).

Historically, people with disabilities have been denied education, employment, and access to public accommodations. As recently as the seventies, large numbers of people with disabilities were routinely sent off to State institutions, stripped of their human rights, and denied basic dignity. Through enlightened Federal legislation, we have changed the role of Government from that of caretaker to that of enabler. Our Federal programs seek to enable people with disabilities to participate fully in all aspects of American life as equal citizens.

In 1975, in response to Federal court decrees recognizing a constitutional right of children with disabilities to equal educational opportunity, Congress enacted the Education for All Handicapped Children Act, which is the basis for the current Individuals with Disabilities Education Act (IDEA). At that time there was substantial variation within and among States as to the extent to which children with disabilities had access to education. It was estimated that as many as one million children were excluded from educational services, and many more were provided inappropriate or inadequate services. Consequently, many of these children were not able to realize their potential to live independently as adults, compete successfully for employment, or contribute meaningfully to society. All children with disabilities are now guaranteed a free appropriate public education. Today, a family with a child with a disability may move from one State to another with assurance that the same basic educational opportunities and due process protections will be available in the new school system.

This year also marks the 75th anniversary of the establishment of the vocational rehabilitation (VR) program by Congress. It was only three years ago that Congress reaffirmed its commitment by reauthorizing the Rehabilitation Act to empower individuals

with disabilities to maximize employment and economic self-sufficiency, through comprehensive and coordinated state-of-the-art programs of vocational rehabilitation.

The mission of the Department of Education is to ensure equal access to education and to promote excellence throughout the Nation. Our mission in OSERS is to "provide leadership to achieve full integration and participation in society of people with disabilities by ensuring equal opportunity and access to and excellence in education, employment, and community living." Our programs are advancing the missions of both the Department and OSERS in the following ways:

- Through IDEA, greater educational equity and opportunities for lifelong learning are afforded to over 5 million children with disabilities -- and with positive results. From 1985 to 1992 the percentage of students with disabilities 16 years of age and older exiting the education system with a diploma or a certificate of completion has increased from 55 percent to 64 percent.
- Each year, hundreds of thousands of adults with disabilities have an increased opportunity to compete for, obtain, and perform in productive jobs in the economy because of assistance provided through programs under the Rehabilitation Act. These programs level the playing field for individuals with disabilities by providing rehabilitation and independent living services, and adaptive technology and accommodations, and by facilitating the implementation of the Americans with Disabilities Act (ADA) and other equal employment opportunity protections.
- Each year, the Vocational Rehabilitation State grant program assists more than 200,000 individuals with disabilities to enter or return to the competitive labor market or become self-employed. Approximately 77 percent of the individuals who achieve an employment outcome each year report that their own income is their primary source of support, indicating less reliance on other sources of income such as public assistance.
- OSERS' discretionary programs support research, professional development, technology development, parent training, and other important efforts that have direct positive effects on education, employment, and community living opportunities for individuals with disabilities.
- OSERS supports research that has changed the nature of rehabilitation and special education. This research has contributed to the development of new and innovative approaches to the education and rehabilitation of individuals with disabilities and new technologies such as computer adaptations and communication devices.
- Through its partnerships with State and local entities, OSERS provides information and technical assistance on best practices and model programs that have assisted its non-Federal partners to improve the outcomes and efficiency of their service programs.

FISCAL YEAR 1996 REQUEST

The 1996 budget request seeks to build on the success of these efforts. The increases we are requesting are focused on the provision of direct services under both the Special Education and Rehabilitative Services and Disability Research accounts. An increase of \$152.9 million is requested for these programs, including an increase of \$89.3 million for Special Education programs and \$63.6 million for Rehabilitative Services and Disability Research programs. I will discuss the two accounts separately.

SPECIAL EDUCATION

The Administration is considering several amendments to the IDEA to strengthen its focus on improving education results for children with disabilities, and to eliminate unnecessary burdens and disincentives to best practices. Our legislative proposal would build on 20 years of successful experience in implementing IDEA.

The budget request is based on our current expectations for new legislation and is subject to change based on the final legislative proposal. The total request of \$3.3 billion is an increase of \$89.3 million or 2.7 percent over the 1995 level. The entire increase would be applied to Grants for Special Education, under which formula grants are awarded to States to help cover the State and local costs of providing special education services.

Grants for Special Education

The \$2.8 billion requested for Grants for Special Education is a 3.3 percent increase over the combined 1995 funding for the current Grants to States and Preschool Grants programs. These additional funds are requested to help States meet the increased costs resulting from projected growth in the number of children to be served. In developing its legislative proposal, the Administration is discussing how best to ensure that funds are set aside by the States to meet the needs of preschool children.

Grants for Infants and Families

We are requesting \$315.6 million for the Grants for Infants and Families (Part H) program which would maintain funding at the 1995 appropriation level. We continue to place a high priority on this program. As the only Federal program focused exclusively on children with disabilities aged birth through two, the Part H program plays a major role in improving the school readiness of young children who are likely to experience poor outcomes because of disability.

Program Support and Improvement

We anticipate consolidating 14 Special Purpose Funds programs currently authorized by IDEA into 5 new Program Support and Improvement programs. These 14 programs evolved over the last 30 years to address special needs in particular areas, and include

support for a wide range of research, demonstration, outreach, technical assistance, dissemination, training, and other activities. The consolidated authorities would provide a streamlined and coherent structure for carrying out such activities, focusing them on systematically helping States improve education results for children with disabilities.

We are requesting \$254 million for these activities, the same amount as appropriated in 1995 for the 14 expiring programs. Funds would be directed toward activities that promote program improvement and are of national significance, including a number of activities, like research, that are most efficiently and appropriately conducted at the Federal level.

REHABILITATION SERVICES AND DISABILITY RESEARCH

The President's budget request of \$2.5 billion for Rehabilitation Services and Disability Research will advance the National Education Goal of adult literacy and lifelong learning by assisting individuals with disabilities to acquire the knowledge and skills necessary to compete in a global economy. The request targets increases in programs designed to increase the employment options of individuals with disabilities and maximize their inclusion in the mainstream of American society. Accordingly, the request includes an increase of \$63.6 million, 2.7 percent, above the 1995 level and would fund the account, which is classified as mandatory under the Budget Enforcement Act, at baseline.

Vocational Rehabilitation State Grants

For the Vocational Rehabilitation State Grants program, the primary source of Federal funding for vocational rehabilitation services, the Administration is requesting a \$64.7 million or 3.1 percent increase over the 1995 level. The requested amount would assist State VR agencies in responding to the increase in eligible individuals in the VR system and to offset the increased costs of providing vocational rehabilitation services to a more significantly disabled population. The request is \$11.3 million more than is needed to satisfy the statutory requirement to provide an increase in funding at least equal to the percentage change in the Consumer Price Index for Urban Consumers.

Supported Employment State Grants

The 1996 request includes a \$1.6 million or 4.4 percent increase under Supported Employment State Grants to help States meet the higher costs of providing services to individuals with the most severe disabilities.

Technical Assistance to States

The request also includes \$1 million for technical assistance to enable RSA to effectively utilize the skills of the larger rehabilitation community and other resources in addressing challenging issues identified by RSA and State agencies, such as implementing an effective and efficient order of selection for services.

Special Demonstration Programs

The Department is proposing a reduction of \$6.6 million for the Special Demonstration Programs in order to redirect funds to higher priority direct-service programs such as Vocational Rehabilitation and Supported Employment State Grants.

National Institute on Disability and Rehabilitation Research

Effective services for persons with disabilities are dependent on state-of-the-art knowledge about the best strategies to enhance employment and independent living opportunities. The National Institute on Disability and Rehabilitation Research (NIDRR) provides an important link between research and practice in the delivery of services to individuals with disabilities. NIDRR supports the research, training, and dissemination of information necessary to plan, improve, and evaluate services provided through OSERS and other disability-related programs. The \$70 million request for NIDRR maintains the 1995 level of support and would provide funding for 66 research centers, including 7 new centers, and other activities.

Other Rehabilitation and Independent Living programs

The 1996 request also provides sufficient funds to maintain the current level of services in the other major programs that provide direct services to assist individuals with disabilities in obtaining employment and pursuing independent living goals. This includes a 3 percent increase for the Client Assistance State grant program, the Centers for Independent Living program, and the Helen Keller National Center. A 3 percent increase is also requested for the Assistive Technology program to provide enhanced support for grants to States.

The President's request proposes to fund the remaining programs in this account at the 1995 level. We believe that this level will provide sufficient funds for the activities in these programs.

SUMMARY

We believe that the President's 1996 budget request represents a needed and appropriate commitment of funds to the provision of direct services to individuals with disabilities. This budget request also allocates the resources necessary to provide leadership in the areas of research and demonstrations, professional development, and technical assistance.

Although we have made much progress in enabling individuals with disabilities to achieve greater educational, employment, and independent living outcomes for themselves and their families, there is much work left to be done. We stand committed to working with States, school districts, and others to see that we continue to build upon our past accomplishments.

My colleagues and I will be happy to respond to any questions you may have.

DEPARTMENT OF EDUCATION
Office of Special Education and Rehabilitative Services

Biographical Sketch

NAME	:	Judith E. Heumann
POSITION	:	Assistant Secretary, Special Education and Rehabilitative Services
BIRTHPLACE	:	Philadelphia, Pennsylvania
EDUCATION	:	Long Island University, B.A. University of California at Berkeley, M.P.H.
EXPERIENCE		
1993-present	:	Assistant Secretary for Special Education and Rehabilitative Services, Department of Education
1983-1993	:	Vice President, World Institute on Disability (WID)
1982-1983	:	Special Assistant to the Executive Director, California State Department of Rehabilitation
1975-1982	:	Senior Deputy Director, Center for Independent Living, Berkeley, California
1974-1975	:	Legislative Assistant to Chairperson, Senate Committee on Labor and Public Welfare
1970-1973	:	Primary School Teacher, New York City Public Schools
HONORS AND AWARDS	:	Henry B. Betts Award, 1990 Disability Rights Education and Defense Fund, Edward M. Kennedy Life Achievement Award, 1990 Distinguished Service Award, presented by President George Bush, 1991

COORDINATION OF DISABILITY RESEARCH

Mr. PORTER. Thank you, Ms. Heumann. I will start with what I think will be an easy question.

According to NIH, the National Center for Medical Rehabilitation Research (NCMRR) is to improve the health, productivity, independence, and quality of life for persons with disabilities. This is accomplished by supporting research on enhancing the functioning of people with disabilities in daily life.

The activities include improving survey data on persons with disabilities, improvement of wheelchairs, addressing the special medical needs of persons with spinal cord injuries and pain management—all funded at about \$15 million in fiscal year 1995. The Veterans Administration funds \$28 million in rehabilitation research for improving the functional independence and quality of life for physically impaired veterans. The VA indicates that their emphasis includes prosthetics and orthotics and spinal cord injury with several centers for each area of emphasis.

Can you indicate why we should have three separate research activities dealing with rehabilitation research and how your program, the NIH program, and the VA program all differ?

Ms. HEUMANN. We are doing collaborative work with these agencies. Dr. Seelman is in charge of the Interagency Committee on Disability Research, whose purpose is to enable us to coordinate the research for which these three agencies have responsibility. We at the Department of Education would certainly welcome them, if you want to pull them all over to Education, but we have spent a lot of time talking about this question.

Right now, for our purposes, there is a real value in keeping the Office of Special Education and the Rehabilitation Services Administration (RSA) and NIDRR together to enable our program work and our research work to be linked closely together. If there were no coordination going on among the three agencies you are talking about and other agencies, I think that would be a problem. But our intent at NIDRR over the last 21 months since I have been there has been to in fact increase coordination which enables us to do better cooperative work.

Mr. PORTER. But you all do the same essential work?

Ms. HEUMANN. We are not doing the same work. I was on the advisory committee for the NCMRR. I can tell you that the research we are doing is complementary but is not the same. I think the research that goes on over at NIH is more medically oriented.

Kate, would you like to speak to this?

Ms. SEELMAN. I think NIDRR is a research agency that is responsive to the concept of independent living in society and it tends to look at the whole person. For example, when we do medical rehabilitation research, it is incorporated in the concept of the whole person. The whole person lives in society, he or she has a back problem, then we have a research engineering center in relation to lower back pain.

This is also true and is especially true of all the engineering we support. For example, access to the Windows computer operating system is very important for people who are blind or people who can't hear.

That essentially is the mission of NIDRR. It is very closely related to the mission of RSA and the various responsibilities that RSA has.

Mr. PORTER. You deal with the problems that a person with disabilities might have in their daily living, whereas NIH might concentrate on the medical side of the disability itself?

Ms. SEELMAN. NIH's research is much more reductive. Their tendency is to look at the molecular level. Their mission is biomedical. I have also begun to visit with the VA R&D facilities. I visited with one in Atlanta recently. Again, they conduct more basic research than NIDRR routinely conducts, although there is sometimes overlap.

In the Interagency Committee on Disability Research, we have developed a subcommittee on medical rehabilitation so that there will be more coordination. VA is on that interagency committee and NCMRR is on that interagency committee. I sit ex officio on NCMRR's committee.

Mr. PORTER. So there is a good deal of coordination. You know what each other is doing. There is no overlap, or only the overlap that is intended in sharing responsibilities.

Ms. SEELMAN. Yes.

I think we have to conceive of an individual with disabilities living in society and then the kind of supports that are needed. For example, NIDRR's earlier research helped to develop the current AMTRAK lift that is very important to mobility. NIDRR's research is more applied research in a variety of areas which is based on the concept of a whole person living in society.

[The following additional information was provided:]

There are three overriding principles that distinguish NIDRR as a research institution. The first of these is the focus on the whole person living in and interacting with the environment and society. The second is the disability perspective—approaching a research agenda through the issues identified by persons with disabilities and guided by the principles of the Americans with Disabilities Act. The third is the interrelationship with the service needs of individuals and the service delivery systems that provide education, training, vocational, health, and community support services.

GAO REPORT ON THE VOCATIONAL REHABILITATION PROGRAM

Mr. PORTER. A recent GAO study indicated that those served by vocational rehabilitation services "were much less likely to be older, over 65, and to be female than were persons in the national work disabled population". Why would this disparity exist?

Ms. HEUMANN. Could you repeat that question, please?

Mr. PORTER. The GAO study says that those served by vocational rehabilitation services as compared with those in the national work disabled population tended to be more likely younger and male.

Ms. HEUMANN. I can give you a personal answer and we will go back and look at our data.

Mr. SCHROEDER. Mr. Chairman, I don't know the specific answer to the question. We would be glad to go back and look through our data to see if we can get a clear answer for you. But the first thing that comes to my mind is the coordination we do with special education. Therefore, we have a large number of clients who are young who are coming out of the special education system. That may skew the statistics. But I don't want to pretend to be giving you

an informed answer. I will make sure that you will get a detailed answer.

Ms. HEUMANN. As you know, Mr. Chairman, the Vocational Rehabilitation program is not an entitlement program like special education is. Anyone in that very broad age range who has a disability—more significant disability, more severe disability—and is in need of assistance to stay in the work force or enter the work force could come to us.

Typically, I think what has happened with older individuals who are becoming disabled who would be eligible for our services is that many of them don't perceive themselves as being capable of working. So one of the things that we are doing is working with the Assistant Secretary of the Administration on Aging in HHS to begin to do some collaborative work on issues affecting older individuals. We have also had some involvement with the White House Conference on Aging and Disability. I would tend to believe that would be one of the problems.

Also, we know that it is more difficult for individuals over 50 to get back into the work force. This is particularly true for an individual who has left the work force because of a disability. I am not sure that we are going to be able to get you the data that you want on this. This is an interesting question and I think there are many reasons for the answer.

Mr. PORTER. I don't know that we have asked for data. We have asked why the disparity may exist.

Let me read the rest of the subparts of the question.

Can these individuals be receiving assistance from other programs? And what is the Department doing to assure that these underrepresented groups are being adequately notified of the program and assured of access?

We would be interested in your responding for the record on that.
[The information follows:]

GAO REPORT ON THE VOCATIONAL REHABILITATION PROGRAM

There are several factors that may account for the age and gender disparities between those persons served by the VR program and persons in the national work-disabled population. For example, there are underlying factors such as the individual's perceived capabilities, family role, and fear of loss of benefits that may influence whether the individual seeks employment or applies for VR services. In addition, not all individuals who report having a work disability on the National Health Interview Survey or the Survey of Income and Program Participation would be considered eligible to receive services under the VR program. We cannot conclude that there are inappropriate service patterns in the VR program based on data from the General Accounting Office study. The GAO is aware of the limitations of their data and they qualify the study findings by stating in the report that:

These data provide no evidence that applicants in any of the demographic groupings that we examined were accepted or not accepted in disproportionate numbers. There were some differences between the overall applicant pool and the work-limited population in the United States, however. On the one hand, fewer women and fewer persons over the age of 44 apply to the (VR) program than are represented in the work-disabled population. On the other hand, more blacks and more persons without education beyond high school apply to the program than are represented in the general work-disabled population.

The demographic data presented by GAO does warrant further exploration. In order to obtain more valid information on whether specific groups of individuals are applying for and receiving VR services in appropriately sufficient numbers, RSA worked closely with the National Center for Health Statistics (NCHS) in developing survey questions related to VR for the Disability Supplement to the National Health Interview Survey currently in progress. RSA has provided financial support for this survey through funds appropriated under the section 14, evaluation authority. The survey will yield information on the rehabilitation and employment needs of individuals with disabilities who are of working age, including individuals who have received VR services and will provide valuable information on populations of persons with disabilities who may be unserved or underserved by the VR program. In addition, the survey will provide data that will assist us in determining the VR program's effectiveness. We are also developing a process to analyze our data to see if any inappropriate service patterns exist among underserved populations.

It is possible that these individuals may be receiving assistance or services from other programs, such as Medicaid, State and local Senior Citizen Programs, and other social service programs. In fact, State VR and Client Assistance Program (CAP) agencies routinely provide information and referral services to persons who are not eligible for the VR program.

The Rehabilitation Act requires State VR agencies to conduct statewide studies of the needs of individuals with disabilities in their States and to determine how these needs may be most effectively met, including outreach procedures to identify and serve individuals with disabilities who are minorities and individuals with disabilities who have been unserved or underserved by the vocational rehabilitation system. RSA monitors State VR agencies efforts to reach out to underrepresented groups in order to ensure that these individuals are being adequately notified of the program and assured of access.

ECONOMIC GAINS OF PROGRAM PARTICIPANTS

Mr. PORTER. GAO also found that while the program focused on severely disabled clients, the average value of services purchased was just over \$1,500 and almost one-half of the clients received services of less than \$500. Even at these levels, a very small percentage of potentially eligible clients were apparently served. Finally, GAO indicated that after a period of years the fraction of those clients who were working returned to the same level as before the training.

Can you comment on these findings? Do you believe that a focus on the less severely disabled would enable more clients to return to gainful employment?

Ms. HEUMANN. I think it is important that our legislation focus its attention on individuals who have more significant or more severe disabilities. It may be true that it would be faster for us to be able to help rehabilitate individuals whose disabilities are less significant. But we believe that the other agencies which have responsibilities for helping people get jobs have a responsibility to also be working with individuals who have mild and moderate disabilities.

They are not successfully doing that. At the State level, we are doing some collaboration with those programs. But we are particularly concerned that for the population of individuals who really only in the last 10 to 20 years have begun to slowly make it into the job market, they would in fact be served by no one. So we believe it is very important for us to keep our attention on this population that has been underserved for many, many years. Fred and I are typical examples of the kinds of individuals who historically would not have been seen as being able to be rehabilitated and would have been perceived of as people who should just stay on benefit programs. That is not our interest.

Mr. SCHROEDER. Mr. Chairman, this is a part of the GAO study that we have some real concern about. We know that earnings absolutely increase for people who have been successfully rehabilitated. As of last year's statistics, they rise from about \$40 a week of average earnings to about \$200 a week of average earnings. So there is a substantial gain.

The GAO study implies that over time this gain washes out. The thing that is of real concern to us is the way they arrived at that particular finding.

They took a group in the late 1970s and looked at their earnings in the year prior to becoming eligible for rehabilitation and then compared that to the same population approximately 10 years later. The problem with that population is that, since you are looking at the same group approximately 10 years out, some of those people will have retired, some people will have died, and some people's disabilities will have worsened to the point where they are unable to work full-time. If you are then comparing them to the same group the year before application, the year before application many of those individuals weren't disabled.

Rather than try to debunk the GAO finding, because we take this very seriously, we think there is a need for real data in this area. We are in the process right now of funding a longitudinal study

that will look at 10,000 individuals who are clients of the Vocational Rehabilitation program over a period of 5 years so that we can really determine in a way that is defensible and will really yield us some understanding of whether the gains that people get from vocational rehabilitation really are sustained.

Mr. PORTER. I think that is a very wise thing to do. Obviously, with limited resources here we are anxious to see that the money that is spent is really being effective for the purpose for which we are spending it. If you can measure that, that can give you a better understanding of what works to help people.

Finally, GAO indicated that the program considers a person rehabilitated if they complete their planned program and then are employed for at least 60 days. As I understand it, the Department keeps no data on employment of former clients beyond the 60-day time period. Is this measure adequate? Would you comment on the standard? And what other standards are you employing or planning to employ to measure the success or failure of this program?

Mr. SCHROEDER. Mr. Chairman, we think this is also a very relevant question. Yes, the Rehabilitation Act does require that an individual can be determined as successfully rehabilitated if they have been employed for 60 days. Very typically, however, cases are not closed after 60 days. They are closed at the point that the vocational rehabilitation counselor and the client feel as though the employment is stable. But in order to try to get at the underlying issue that is in the GAO study, we are involved in a data link project with Social Security that will allow us to track earnings of former clients several years out so that, again, we will be able to know whether in fact the earnings level of these clients is sustained or whether we need to look at other provisions in our system to make sure that the capacity of the work is sustained.

SPECIAL EDUCATION BUDGET REQUEST

Mr. PORTER. Let's turn to special education now.

In your fiscal year 1996 budget request you asked for an increase of \$89 million. However, according to the President's budget, you expect the fiscal year 1997 budget level for Special Education to be \$3.2 billion, a decrease of \$100 million, putting the fiscal year 1997 level below the fiscal year 1995 level.

Can you tell the subcommittee how this one-time approach represents wise budgeting and program planning? Would you provide the committee with an impact statement on the effect of this \$100 million cut on the clients served by the program? And would you indicate how many people will have to be cut from the system in order to achieve this \$100 million reduction, if that is the case?

Ms. CHRISTENSEN. Mr. Chairman, in our projections for the 5 years beyond the 1996 budget, we show a percentage decrease in each of those years as part of an overall reduction. It does not represent a lesser priority for this program or any other program. We could come back to you with the numbers that would be reduced as a result of this if you wish.

Mr. PORTER. Part of what overall reduction?

Ms. CHRISTENSEN. Part of an overall reduction in the outyears of the budget.

Mr. PORTER. In all programs of the Department?

Ms. CHRISTENSEN. Yes.

Mr. PORTER. Of a certain percentage?

Ms. CHRISTENSEN. Yes.

Mr. PORTER. And it is a percentage of current services?

Ms. CHRISTENSEN. That's correct.

There were a very few high priority areas that were held level, but in general, all programs are reduced by 2 percent per year.

Mr. PORTER. You are probably aware that is not an approach that we want to follow unless we have to in determining the appropriations under our jurisdiction. We think that is not what we are here to do. It happened last year. I think we were at 96.5 percent of current services in many of our accounts after dealing with some of them. But at least I understand what this represents.

Ms. CHRISTENSEN. I will say that the Administration is continuing to look at that with a view to setting priorities further. But that is what the budget shows.

SPECIAL EDUCATION PROGRAM CONSOLIDATIONS

Mr. PORTER. Again, we do want to try to gain the benefit of your expertise as to what is higher priority rather than lower.

Both your testimony and the Department's budget justification are quite vague on the specifics of the program consolidations you will be proposing. You indicate that funding requests are based on your expectations for your new proposals and are subject to change.

Can you tell us now, are the estimates of the Administration before us final? Secondly and more importantly, can you detail the changes that will be included in the consolidated grants for special education, grants for infants and families, and program support and improvement?

Ms. HEUMANN. To the best of our knowledge right now, these are the figures that we believe are appropriate.

Mr. HEHIR. The Administration, as you know, is in the process of preparing a proposal for the reauthorization of the Individuals with Disabilities Education Act (IDEA). With our discretionary programs, we are seeking to consolidate 14 authorities into five. We are seeking to do that to help eliminate some fragmentation that exists currently, to be able to address issues that are difficult to address within existing priorities, and to have the ability to more powerfully assist the States in implementing the IDEA.

With this consolidation, we will be seeking to have research and demonstration projects consolidated under one authority. They are currently authorized under approximately eight. We would like to have a research and demonstration capability to cut across the programs. Right now, some of our research is in specific disability areas, for specific age groups, or around specific problems. We believe there is a need to have a research agenda that covers the whole IDEA.

The same is true for technical assistance and professional development. Currently, we provide technical assistance around specific issues, around specific age groups, and at times in a fragmented fashion. We feel that it is important that our technical assistance efforts more directly target improvements for States and local school districts. We will be seeking to fund, instead of grants around particular problems, grants that will be developed by the

States, analyzing their own needs, not needs that we presuppose they have.

Part of our professional development proposal seeks to do the same thing. Right now, our professional development efforts are primarily determined by priorities developed here in Washington. Most of our aid goes to institutions of higher education directly. We believe a significant amount of that money should be based on State-identified needs, with people at the State level and in local school districts, including parents and teachers, getting together to develop plans that meet their needs.

I know this explanation may not be as specific as you might need, but I am more than willing to provide more information.

Ms. HEUMANN. And the second part of your question?

Mr. PORTER. It dealt with the three separate areas.

Ms. HEUMANN. We are basically looking at level funding for the Part H program. We believe that is a substantial commitment on the part of Government to help provide services to families and children in this early-age population. The money is, as we see it, "glue" money to help the State serve a population that has traditionally been underserved.

SCHOOL DISCIPLINE

Mr. PORTER. When I visit schools or have teachers or administrators visit me in my office, the conversation often turns to special education. Often the issue of school discipline is raised in the context of two students who misbehave in very similar ways and who are disciplined in very different ways, depending on whether they have no special designation, are considered disabled under the IDEA, or claim to be disabled. I am sure you have heard similar comments.

Can you discuss for the committee how two children who are severely disruptive, who threaten teachers or other students, or who otherwise engage in behavior disruptive to the learning process are treated differently?

Ms. HEUMANN. First of all, let me say that the Department is working on a lengthy set of questions and answers that will be disseminated to chief State school officers and to other representatives in the education field in the States over the next couple of weeks that will provide detailed answers to this and other questions.

When looking at two children—one who has a disability and one who doesn't have a disability—under current law there are a number of issues at hand. One is that the law requires that children be individually assessed and be placed in classrooms appropriate to their needs with appropriate supports. So one of the issues that needs to be looked at is that, if a child with a disability is acting in a disruptive way in a classroom, has that child in fact been given appropriate supports? If the child hasn't been given appropriate supports, if the teacher hasn't been given appropriate training, that may well be the cause of a child acting inappropriately in a class. And you do find from one class to another, from one school district to another, that similar children who act inappropriately in one setting do not act inappropriately in another setting.

We believe that for children with disabilities who are acting out that there are ways of appropriately disciplining those children. One of the reasons we hired Tom Hehir is because he has a lot of experience. He previously worked in Boston and Chicago. I think his experiences are quite relevant because he has worked in large urban areas.

Mr. HEHIR. One of the things that I have reminded folks of when I have been at the local level dealing with these issues directly, is that the consequences of a particular behavior in school can be the same for both students. Indeed, in most cases it should be. In other words, kids should be held to the same standards whether they are disabled or not. We have to prepare kids for the world.

But what you have to do—and this is something that I think is very important—for a child with a disability, you have to determine if the behavior that is being exhibited is a manifestation of that child's disability. You need to consider that. A child with autism acting a particular way is very different than a child who is not disabled. It may be due to that child's disability. That is why there are procedural protections.

Congress put those procedural protections into the IDEA because there were large numbers of kids with disabilities, prior to its passage, who were excluded completely because they were considered uneducable and other kids who were excluded because of the type of behavior they exhibited. So that is a protection.

There is widespread—and I mean widespread because I hear the same issue that you hear when I go out—misunderstanding of the Supreme Court's decision in the Honig case, which is largely driving a lot of this. So we have put together a very comprehensive question-and-answer document for the field, which is just about ready for dissemination.

Ms. HEUMANN. Mr. Chairman, if you would like, I would be happy to get you a copy of a video called "Educating Peter". I think it is a very important piece of footage because it shows a story of a child with Down's Syndrome who wasn't included in a regular classroom until he was in the third grade. When the film starts out, he is being incredibly disruptive. So one could arguably state that he shouldn't be in the classroom. But what was very interesting throughout the film is that the teacher was getting support, the other children were getting support, and Peter was getting support. By the end of the film, Peter was very effectively included in school. He had friends who were not disabled. The teacher, whose original expectations for Peter were merely social ones, was recognizing that Peter was beginning to learn how to read and do math.

What was clear to me from the film was that, if Peter had been included in the classroom many years earlier, these types of inappropriate behaviors would in fact not have manifested in the third grade.

We hear the same stories all the time. I think that what is really important is to ask more questions about the child, such as what kinds of interventions the school has, in fact, provided. One of the things that we urge schools to do in the law is to develop behavioral management plans. In many cases, schools haven't done that. When they have, it has been very helpful.

COORDINATION OF SPECIAL EDUCATION AND HEAD START

Mr. PORTER. Thank you.

The subcommittee has expressed concern over the coordination of Head Start programs with other programs for disadvantaged children. A similar issue may exist with respect to disabled children.

Could you discuss the coordination that occurs both at the Federal level and at the local level in the provision of Head Start services to disabled children and the Part B preschool grants program funded under your authority?

Mr. HEHIR. The Head Start birth to three program is a relatively small program. As it grows, it will become more significant in terms of our Part H program. The Part H program right now is the only program that is dedicated to supporting infants and toddlers and their families who have disabilities. There is no other program that is specifically dedicated to that purpose.

We work very closely with Head Start through the Federal Inter-agency Coordinating Council, the FICC. Head Start has served and continues to serve increasing numbers of disabled kids. Very often, our section 619 programs and Head Start programs coordinate.

That being said, it needs to be recognized that there are often different emphases in these programs. Head Start programs are primarily designed to provide early enrichment for kids who are economically disadvantaged. The section 619 program is properly conceived as a disability program. It is for kids who have been determined at a young age to be disabled or at high risk of developing a disability and who need specially designed services.

Again, there is coordination, but they do have different emphases.

RECORDINGS FOR THE BLIND

Mr. PORTER. As you know, I have been a strong supporter of funding for Recordings For the Blind. It is an excellent program which provides textbooks on tape for students with print disabilities. The Congress provided \$3.6 million for this activity in fiscal year 1995. I understand that there may be some problem with Recordings For the Blind. I know the Congress intended this to be funded. Can you indicate how long it will take to clear up any bureaucratic roadblock and fund the program?

Ms. HEUMANN. We anticipate that the grant award will be made by June.

Mr. PORTER. What was the problem?

Ms. HEUMANN. The award was changed from a contract to a grant. That process took some time. There has been no adverse effect, however, on the individuals who were receiving services through Recordings for the Blind Inc., because they have a substantial amount of funds from other than our source. The problem is being dealt with now.

SCHOOL DROP-OUT RATES

Mr. PORTER. In school year 1991 to 1992 only 57 percent of all disabled students left by graduation. Thus, two out of five students are presumably dropping out. What are the factors causing this record and what elements in the new consolidated grants for spe-

cial education will help ensure that indicators of success—such as graduation rates—will in fact improve?

Ms. HEUMANN. On the one hand, the drop-out rate is obviously something that we are very concerned about. However, we have also seen in the past few years that the problem is slowly turning around.

We have great concerns about what is happening, particularly to students who have learning disabilities and emotional disabilities. These kids represent the largest numbers of children who are dropping out of school. In part, we believe this is happening because teachers are not appropriately trained to be able to meet their needs in time. Dr. Hehir will get more specific about the professional development aspects of the reauthorization we are going to be working on.

We are also working on strengthening the individual education program (IEP) as part of the reauthorization of IDEA. We consider this to be a very pivotal part of the IDEA legislation, and believe it will help us to detect problems earlier for children in school. We are looking to involve the families more in the IEP process, and we are also looking more at having the IEP refocused on curricula. We think for some children the reason they are dropping out is that as they get older—if they haven't had appropriate interventions—their disability is becoming more of an obstruction to their feeling successful about themselves. I think a number of the professional development and discretionary grant programs we are looking at will help remedy that.

Mr. HEHIR. The trend lines are positive, not negative, as far as kids with disabilities are concerned. I think when Congress passed the IDEA 20 years ago it was an incredibly ambitious program. I believe very sincerely that the American education system can take a lot of pride in the advancements it has made in a very short amount of time—20 years is one generation of kids—in extending universal access to education to all disabled children in this country. I think that is something we, as Americans, can be very proud of. And the trends are positive.

The other thing that is positive is that we increasingly know how to keep drop-outs from happening, because of the good research we have sponsored in the area of special education—particularly a recent longitudinal study of about 8,000 kids who were in special education in the middle 1980s and then 5 years out of school.

What we do in school, how we service kids directly, impacts upon the results we receive with them. One important factor is access to vocational education or post-secondary education. Kids who have access to good school-to-work programs are far more likely to stay in school than kids who don't. Another factor is the availability of support for kids with disabilities. Most kids with disabilities have what are called high-incidence disabilities, learning disabilities and emotional disturbance, as Judy mentioned.

For a very significant number of those kids—particularly kids with learning disabilities—they are in general education classrooms. And in many cases, their teachers do not know about their disabilities, nor do they receive support in educating those kids. When those two things happen, kids are more likely to fail. If they are likely to fail, they are likely to drop out.

We are seeking in the reauthorization to have a much stronger results orientation than we have typically had in special education. We have been very process-oriented, and that was probably necessary when the law was first passed. Now we have to become results-oriented. Therefore, we are seeking to have the IEP focus on the total school day of the child and what the child is getting both in special education and general education. We think that is critically important.

We are also seeking to have a State grant program where the State will analyze its own results and determine ways to improve its results. Again, this is a change. We have very much focused on inputs in how we address special education. We need to shift that focus to look more at results.

SCHOOL DROP-OUT RATES

Ms. HEUMANN. We have spent a lot of time looking at this issue. One of our beliefs is that it is very important for kids to be able to learn to read early on. There is a need in regular education to be focusing more attention on teaching teachers how to teach reading. For children who are dropping out of school—particularly for children with learning disabilities—if those children had appropriate interventions earlier on, many of them would not experience this type of failure. By the time they get identified for special education, many of them by the third or fourth grade are already not seeing themselves in a positive way.

I think the discussions and work we are doing on the reauthorization are allowing us to look at the successes and also the problems that still exist after 20 years. These enable us to know a number of things. One is that many more children than we ever felt before are capable of learning and being successful. The longitudinal study clearly also shows us that if we can keep kids in school, and we can get them vocational education experience, those children are much more likely to stay in school and to graduate and to be earning an income, which obviously allows them to feel successful and to be able to move ahead in life.

Mr. PORTER. Thank you.

I think we're going to put all the remaining questions in the record. There aren't too many.

First of all, let me say that you and the entire staff did an excellent job in testifying. We appreciate it very much. We appreciate the job you're doing for the Department and for the country. It is obviously a very, very important area that you have to work in. We need committed people like you there and doing the job, and providing the example to others.

This concludes our hearing for the Department of Education, right Sally?

Ms. CHRISTENSEN. That's right, Mr. Chairman, for this year. [Laughter.]

Mr. PORTER. I have already announced that I may invite some of you back after the break where we didn't get to spend quite enough time. There may be members of the subcommittee who wish to revisit certain areas of the budget.

Ms. HEUMANN. We would be happy to do that, Mr. Chairman.

Mr. PORTER. We very much appreciate the fine job that you and your staff do, Sally. We are long-time fans of Sally Christensen.

Ms. HEUMANN. So are we.

Mr. PORTER. I think everybody appreciates the wonderful job you do at the Department. I thank you for joining us again today. We may look forward to seeing you back sometime after the break.

I thank you all very much.

The subcommittee will stand in recess until 10:00 a.m. tomorrow.

[The following questions were submitted to be answered for the record:]

EMPLOYMENT PROSPECTS OF CHILDREN WITH DISABILITIES

Mr. Stokes. What are the employment prospects for children with disabilities, are we seeing improvements? Have we made improvements in increasing the high school completion and the participation in higher education of people with disabilities?

Ms. Heumann. The employment prospects of children with disabilities have greatly improved over the 20 years since enactment of the Education of the Handicapped Act of 1975, now the Individuals with Disabilities Education Act (IDEA). Students recently completing special education programs have much better prospects for employment than individuals with disabilities who graduated in the past. Nevertheless, there is still reason for concern about the employment prospects for individuals with disabilities. We believe that there continues to be room for improvement. However, we are proud of the improved conditions of persons with disabilities and believe that special education has played a major role in these advancements.

The results of the Department's longitudinal study on secondary students provide useful information on how programs for secondary students with disabilities promote employment and independent living in later years. The key finding of the report is that students are most likely to benefit from appropriate special education support services in a regular education environment. The best way to examine the impact of special education programs is to look at trends over time for students with disabilities and compare students with disabilities who received special education with their older counterparts who were not covered under IDEA. Data related to school completion, postsecondary school attendance and competitive employment indicate that, as a result of special education, results for children with disabilities have improved in all three areas.

- *School Completion:* Since 1985, the percentage of students with disabilities graduating from high school has increased from 55 percent to 64 percent. The long-term increases in the graduation rate due to special education increase the likelihood of postsecondary attendance and successful employment outcomes.
- *Postsecondary School Attendance:* The percentage of freshman reporting disabilities has more than tripled since 1968, growing from 2.6 percent to 8.8 percent. This has contributed to an increase in the past decade in the overall educational attainment of adults with disabilities. The percentage of adults with disabilities who have completed some college has risen from 29 percent to 44 percent. As a result, the gap in educational attainment between those with and without disabilities is narrowing.
- *Competitive Employment:* Recent high school graduates with disabilities who have benefitted from the IDEA have an employment rate of 62 percent, which far exceeds their older counterparts with disabilities who did not have the benefit of IDEA and whose employment rate is 31 percent.

EMPLOYMENT PROSPECTS OF CHILDREN WITH DISABILITIES

Mr. Stokes. What is being done to improve employment opportunities for people with disabilities in the short and long term?

Ms. Heumann. While employment prospects are affected by a host of factors, including general economic and employment trends, the Department believes that there are concrete steps that can be taken to ensure that students with disabilities are prepared to meet the employment challenges of the future. We are carrying out a number of efforts to address problems on a short and long term basis. One of our primary objectives is to encourage inclusion of students with disabilities in all aspects of educational programs. The longitudinal study demonstrates that results for children who are included in regular classroom settings are generally better than for those who are not. This is true in terms of postsecondary school enrollment and competitive employment.

Under the Secondary and Transitional Services Program, the State Systems projects are beginning to establish mechanisms for assisting local education agencies with the implementation of the IDEA, Part B transition requirements. Most States are improving their capacity within their total educational reform efforts, which address Goals 2000 and the School-to-Work Opportunities Act. As States develop more responsive systems, schools and related services should be more able to meet the educational and transitional needs of all students with disabilities. We are also supporting demonstration projects aimed at improving the transition of students with disabilities from secondary school to work or postsecondary education. Follow-up studies indicate that these models remain viable long after Federal funding. During the past 3 years, a large number of new projects also have been supported in the area of "outreach". These projects replicate exemplary models and practices in multiple sites, usually in multiple States. These replication efforts extend the Federal investment and have an impact on many more youth with disabilities.

In addition, there are external factors that should have a positive impact on the future employment of persons with disabilities. For example, we anticipate that the Americans with Disabilities Act will have an increasingly beneficial effect on access to employment for special education students. Advances in technology are also continuing to provide new opportunities for persons with severe disabilities to participate in gainful employment and their community.

Mr. Stokes. Is additional funding justified for this program?

Ms. Heumann. Continued funding and a continued commitment to special education are not only justified, but essential. The results of our efforts clearly indicate that society's investment in special education reduces the dependence of people with disabilities on costly societal support structures throughout their lives. For example, life-long institutionalization costs have been greatly reduced. Through employment, persons with disabilities contribute to the tax base, instead of relying on government programs such as Supplemental Security

Income (SSI), Social Security Disability Insurance, and government-supported health insurance programs.

EXCESS COST OF SPECIAL EDUCATION

Mr. Stokes: The 1995 appropriation provided 7 percent of the excess costs of education for children with disabilities for special education grants to States. However, one of the ongoing complaints has been that the Congress needs to provide 40 percent of the additional costs. Given the tremendous cost of special education, what percentage is considered reasonable and specifically, why is that particular percentage justified?

Ms. Heumann: Education, including the education of children with disabilities, is primarily a State and local responsibility. However, we do believe that it is important for the Federal Government to demonstrate its support of special education in order to help ensure that all children with disabilities are provided access to a free appropriate public education. The Federal contribution of 7 percent of the excess cost of special education included in the fiscal year 1995 appropriation represents an adequate level to demonstrate this Federal support.

MINORITIES AND SPECIAL EDUCATION

Mr. Stokes: Far too often, parents of minority children are finding that their children are being misclassified as disabled, and are being removed from their regular classroom and placed in schools where they encounter low expectation and inadequate services. Do you regard this treatment as a major failure of the Special Education program?

Ms. Heumann: The disproportionate representation of minorities in special education programs in some areas is an ongoing concern of the Department. The removal of children from regular classrooms and placement in schools where they encounter low expectations and inadequate services are more general problems that affect many children who are identified as having disabilities regardless of their minority status. We believe that the inappropriate placement of children in special education programs has a variety of causes and often reflects the failure in both general education and special education to recognize and address learning needs that are not related to disability. Inappropriate services and low expectations in special education often result from treating special education as a "place" rather than an educational program. In this context, students who receive special education are often perceived to have little ability to achieve. These conditions represent problems in providing appropriate educational services for children, but we do not consider them to be failures of the Special Education program.

Mr. Stokes: What is the Department doing to correct this problem?

Ms. Heumann: In our reauthorization proposal, we will propose enhancements to the Individuals with Disabilities Education Act that will strengthen the individualized education programs (IEPs) for children with disabilities by focusing them on achieving high

expectations for each student with a disability. We also plan to add language that will help ensure that IEP discussions focus on providing students with disabilities with access to the regular education curriculum.

The strategies and approaches we are currently using, and intend to strengthen in the reauthorization proposal, will help reduce incentives that foster inappropriate identification, placement, and services. For example:

- providing for the inclusion of children with disabilities in State assessments will reduce incentives to place children in restrictive settings in order to avoid being accountable for their academic progress and will promote high expectations for all children rather than "watered down" curricula and dead-end programs.
- approaches to determining eligibility for special education will be more instructionally relevant and focus on identifying the child's educational needs rather than labelling the child.
- Federal and State funding formulas will remove fiscal incentives to over-identify children and to place them in restrictive settings.

SUPPORTED EMPLOYMENT PROJECTS

Mr. Stokes. What is the rationale for the proposed consolidation of funding for the Supported Employment Projects program with the Special Demonstration programs activity?

Ms. Heumann. The Department currently funds both formula grants to States under the Supported Employment State Grant program and model demonstrations under the Supported Employment Projects program. To simplify program administration and presentation of the budget, the Department is proposing to consolidate funding for Supported Employment Projects in fiscal year 1996 with the Special Demonstration programs activity. The \$23.9 million requested for Special Demonstration programs includes \$9 million for Supported Employment Projects, all of which would be used for continuation awards.

The proposed consolidation in fiscal year 1996 does not eliminate the possibility of future Supported Employment Projects, if the Department determines that new supported employment models are needed. At the present time, however, the Department believes resources are better invested in Supported Employment State Grants, which fund direct services to individuals with the most severe disabilities, as opposed to Supported Employment Projects, which develop innovative service delivery methods. The \$1.6 million reduction in Supported Employment projects has been reallocated to the Supported Employment State Grants program. The proposed increase in Supported Employment State Grants would help to accommodate an increased demand in the State vocational rehabilitation agencies for supported employment services.

JUSTIFICATION OF THE BUDGET ESTIMATES

Department of Education

EDUCATION REFORM

Fiscal Year 1996 Budget Request

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EDUCATION REFORM

For carrying out activities authorized by titles II, III, and IV of the Goals 2000:

Educate America Act and titles II, III, and IV of the School-to-Work Opportunities Act,

[\$528,400,000] \$950,000,000, of which [\$503,670,000] \$693,500,000 for the Goals 2000:

Educate America Act and \$200,000,000 for the School-to-Work Opportunities Act shall

become available on July 1, [1995] 1996, and remain available through September 30,

[1996] 1997.¹ (*Department of Education Appropriations Act, 1995.*)

EDUCATION REFORM

Analysis of Language Provisions and Changes

Language Provision	Explanation
<u>'...of which [\$503,670,000] \$693,500,000 for the Goals 2000: Educate America Act and \$200,000,000 for the School-to-Work Opportunities Act shall become available on July 1, [1995] 1996, and remain available through September 30, [1996] 1997.</u>	This language specifies that funds for Goals 2000 State grants and School-to-Work Opportunities programs are forward funded.

EDUCATION REFORM

Amounts Available for Obligation
(\$ in 000s)

	1994	1995	1996
<u>Current authority:</u>			
Annual appropriation	\$155,000	\$528,400	\$950,000
Real transfer to National Education Goals Panel	-3,000	0	0
Real transfer to the National Education Standards and Improvement Council	-2,000	0	0
Real transfer to Department of Labor for the National Skill Standards Board	-3,000	0	0
Unobligated balance, start of year	0	55,957	0
Unobligated balance, end of year	<u>-55,957</u>	<u>0</u>	<u>0</u>
Total obligations	91,043	584,357	950,000

EDUCATION REFORM

Obligations by Object
(\$ in 000s)

	1994	1995	1996
Advisory and assistance services	\$150	0	0
Other contractual services:			
Peer review	200	\$400	\$100
Other services	0	39,511	61,400
Grants, subsidies and contributions	<u>90,693</u>	<u>544,446</u>	<u>888,500</u>
Total	91,043	584,357	950,000

Note--Amounts shown in 1995 and 1996 for advisory and assistance services reflect estimates of contracts that may be classified as such; these amounts may change once the funds are obligated.

EDUCATION REFORM

Summary of Changes
(\$ in 000s)

1995	\$528,400	
1996	<u>950,000</u>	
Net change	+421,600	
	<u>1995 base</u>	<u>Change from base</u>
<u>Increases:</u>		
<u>Program:</u>		
Increase in Goals 2000: State and local systemic improvement to expand reform efforts to additional local educational agencies and individual schools	\$371,870	+\$321,630
Increase in Goals 2000: National programs to increase the number of grants to economically disadvantaged local educational agencies and expand National leadership activities	21,530	+24,970
Increase in School-to-Work Opportunities: State grants and local partnerships to increase the number of States implementing comprehensive State plans	115,625	+69,375
Increase in School-to-Work Opportunities: National programs to continue and build upon national activities begun in 1994 and 1995	9,375	<u>+5,625</u>
Subtotal, increases		+421,600
Net change		+421,600

EDUCATION REFORM

Authorizing Legislation

Activity	1995 Authorized	1995 Estimate	1996 Authorized	1996 Request
Goals 2000: State and local education systemic improvement (Goals 2000 EAA-III) National programs (Goals 2000 EAA, sections 219, 200, 221, 306(n), 313, and 314) Parental assistance (Goals 2000 EAA-IV)	Indefinite	\$371,870,000	Indefinite	\$693,500,000
School-to-Work Opportunities: State grants and local partnerships (STWOA-II & III) National programs (STWOA-IV)	Indefinite	21,530,000	Indefinite	46,500,000
	Indefinite	10,000,000	Indefinite	10,000,000
	\$300,000,000 ¹	115,625,000 ²	Indefinite	185,000,000 ²
	<u>(v)</u>	<u>9,375,000 ²</u>	Indefinite	<u>15,000,000 ²</u>
Total definite authorization	\$300,000,000		---	
Total appropriation		528,400,000		950,000,000

¹ The School-to-Work Opportunities Act authorizes \$300,000,000 to be appropriated in 1995 to carry out all titles of the Act.

² Identical amounts are included in the budget for the Department of Labor.

EDUCATION REFORM

Table of Estimates and Appropriations
(\$ in 000s)

	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1994	\$585,000	\$133,750	\$166,000	\$147,000
1995	900,000	528,400	528,400	528,400
1996	950,000			

¹ Excludes a total of \$8 million transferred to other agencies as follows: \$3 million to the National Education Goals Panel, \$2 million to the National Education Standards and Improvement Council, and \$3 million to the Department of Labor for the National Skill Standards Board

EDUCATION REFORM

Summary of Request
(\$ in 000s)

	1995	1996	Change
Goals 2000:			
State and local education			
systemic improvement	\$371,870	\$693,500	+\$321,630
National programs	21,530	46,500	+24,970
Parental assistance	<u>10,000</u>	<u>10,000</u>	<u>—</u>
Subtotal, Goals 2000	403,400	750,000	+346,600
School-to-Work Opportunities:			
State grants and local			
partnerships	115,625 ¹	185,000 ¹	+69,375
National programs	<u>9,375¹</u>	<u>15,000¹</u>	<u>+5,625</u>
Subtotal, School-to-Work	<u>125,000</u>	<u>200,000</u>	<u>+75,000</u>
Total	528,400	950,000	+421,600

¹ An identical amount is included in the budget for the Department of Labor.

Our schools are not meeting the needs of students or the demands of our economy for a more skilled, more adaptable workforce. The enactment of the Goals 2000: Educate America Act and the School-to-Work Opportunities Act signaled the beginning of a new era in education reform that will over time touch all schools. With these two initiatives, the Nation now has a framework for improving every aspect of its education and training system.

Goals 2000 is helping move the Nation toward an educational system based on high academic standards for all students — a system that will provide both equity and excellence for students in all our schools. School-to-Work Opportunities supports State and local efforts to build an education and training system that will help all youth acquire the knowledge, skills, abilities, and labor-market information they need to make a smooth transition from school to career-oriented work and to further education and training. School-to-Work students will be expected to meet the academic standards States establish under Goals 2000 and, in addition, will earn portable, industry-recognized skill certificates that are benchmarked to high-quality skill standards.

EDUCATION REFORM

Goals 2000 and School-to-Work Opportunities are not top-down categorical programs:

- o No State or locality is required to participate in Goals 2000 or to adopt national standards in order to participate. Rather, Goals 2000 funds enable each State to undertake its own reforms tied to its own academic standards, with direct connections to efforts in local school districts and schools. Educators, parents, and others in each school work together to determine the steps necessary for the school to take in order for students to reach challenging academic standards. Each of these individual school reforms takes place in the context of local districtwide and statewide reform strategies.
- o The School-to-Work Opportunities Act supports States and localities in their efforts to change secondary schools, job training programs, and postsecondary institutions to help students achieve high academic standards and the occupational skills needed to succeed in career-oriented work and further learning. This is a highly innovative undertaking that is being jointly administered by the Departments of Education and Labor as a single, unified initiative, and that is laying the foundation for an extension of that partnership through reforms being proposed for the Perkins Vocational Education Act and the Job Training Partnership Act as part of the President's GI Bill for America's Workers.

The Administration's 1996 budget request for programs in the Education Reform account is \$950 million -- a \$346.6 million increase over the 1995 appropriation for Goals 2000 and a \$75 million increase for School-to-Work. A request for an additional \$200 million for School-to-Work Opportunities is contained in the Department of Labor's budget request. Over the next three years, these funds, together with funding from other authorities such as Title I of the Elementary and Secondary Education Act (ESEA), will provide assistance to every State so that schools can develop plans for their children to achieve to high standards and every State and community can develop systems to enable students to make a smooth transition from school to promising high-wage, high-skill careers and further education and training.

EDUCATION REFORM

Goals 2000: State and local education systemic improvement

(Goals 2000: Educate America Act, Title III)

1996 Authorization: Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$371,870	\$693,500	+\$321,630

PURPOSE AND METHOD OF OPERATION

Goals 2000 provides incentives for States to devise their own strategies for comprehensive reform of elementary and secondary education. The strategies center on the creation and implementation of high standards in the State's core academic subjects that define what all students should know and be able to do at various points along the K-12 school continuum.

States have great flexibility in how they implement Goals 2000 reforms. To participate, a State agrees to establish challenging academic standards for all students and to develop or build upon a strategic plan to coordinate the State's student assessment program, teacher preparation and licensure requirements, parental and community involvement, and other aspects of its education system. In many States, this process began prior to the passage of Goals 2000, and the legislation specifically encourages States to build on "preexisting plans." Accountability is built into the system at all levels. Schools will measure student progress through new assessments tied to the standards, and the public will get information about how well schools and school districts assist all children in reaching the standards.

States are using 1994 funds to develop their reform plans and to support local reform initiatives. Most will begin actual implementation of reform plans with funds appropriated in 1995 and 1996.

Goals 2000 Title III funds are distributed to States through a formula based on relative shares each State received in the previous year under Titles I and II of the Elementary and Secondary Education Act. Of the total, 1 percent is reserved for the Outlying Areas, schools supported by the Bureau of Indian Affairs, and the Alaska Federation of Natives.

Beginning in the second year a State receives a Goals 2000 grant, at least 90 percent of the funds will go directly to local educational agencies (LEAs) for the development and implementation of local improvement plans, the improvement of preservice teacher

EDUCATION REFORM

Goals 2000: State and local education systemic improvement

education programs, and professional development. Of the subgrant funds that it allocates for local improvement the State must ensure that at least half goes to LEAs that have a greater percentage or number of disadvantaged children than the statewide average. LEAs, in turn, will ensure that at least 75 percent of their first-year money (and at least 85 percent of subsequent years' funds) goes to individual schools so that they can tailor their own improvement plans to help all students meet State content standards and State student performance standards.

As an example for how Goals 2000 is working, the **State of Oklahoma** plans to strengthen, broaden, and speed up existing efforts and reforms designed at the local and State levels, and better coordinate initiatives and groups that may now be operating independently of each other. In **Oklahoma**, Goals 2000 funds will:

- o Help the State carry out recommendations of the Oklahoma Commission for Teacher Preparation to improve the preparation of new teachers in Oklahoma and provide support to those already in the teaching force.
- o Help selected local school districts carry out the mandate of the Oklahoma State Board of Education to develop and implement their own comprehensive local education plans.
- o Provide support for pulling together several separate, ongoing technology efforts in Oklahoma, including those being carried out separately by the Oklahoma Data Processing and Telecommunications Advisory Committee, ONENET (Oklahoma's statewide network), the State Department of Vocational and Technical Education, and the Telephone Company Association, among others.

In other States:

- o **Massachusetts** is using its State planning money to support the creation of 14 charter schools.
- o **Kentucky** is using part of its funds to engage the public and encourage parental involvement in its on-going reform efforts.
- o **Oregon** is supporting Oregon Benchmarks — the citizen-based vision of education for the 21st century, of which the State's School-to-Work effort is also an integral part.
- o **Illinois** is building on a statewide legislative mandate — the Illinois School Accountability Act — which charges schools with reviewing student performance measures to ascertain whether all students are learning and being served.

EDUCATION REFORM

Goals 2000: State and local education systemic improvement

- o In Kansas, a subgrant to the Lawrence School District will support district strategic planning, development of curriculum aligned to academic outcomes and goals, and staff time to work on developing new teaching skills. Two schools — the Prairie Park Elementary and the Quail Run Elementary — will use their funds to help teachers align curriculum and assessments and to help meet a district goal to support special needs students in regular classrooms.

This is exactly how Goals 2000 is intended to work — to support efforts designed at the local and State levels rather than federally designed efforts and to give States and communities help in supporting efforts that research and evaluation studies indicate are related to successful reform. For example —

- o Seven out of 10 teachers surveyed nationally (American Assoc. of Higher Education) believe they are not well equipped to teach more challenging curriculum. This view is most prevalent in high-poverty schools. Despite this fact, teachers typically receive little intensive professional development support. Only one-fourth of classroom teachers received at least 35 hours of staff development during a 12-month period, according to a 1993 study (Reinventing Chapter 1, ED). Research has shown the value of high-quality, sustained professional development on classroom practice and student performance where it has been tried (Louis and Miles, 1990).

Goals 2000 places a heavy emphasis on professional development aligned with the high academic standards that each State will develop or adopt. Each State will make subgrants to LEAs, in combination with institutions of higher education, to improve preservice teacher education programs consistent with the State improvement plan and to support continuing, sustained professional development for teachers and school administrators that will increase student learning in accordance with the State plan.

- o In Kentucky, one of the "leading edge" States in systemic education reform, the Kentucky Education Reform Act of 1990 established a new accountability system to measure student progress toward the performance targets established by the new legislation and linked to what is actually taught in the classroom. Preliminary test results show overall scores rising in reading, mathematics, sciences, and social studies for Kentucky's students in grades 4, 8, and 12, the grades assessed.

As in the Kentucky model, Goals 2000 is based on establishing high academic content standards for what all children are expected to learn, linking curriculum and teacher training to the standards, and developing comparable performance assessments.

EDUCATION REFORM

Goals 2000: State and local education systemic improvement

Funding levels for the past 5 fiscal years were as follows:

(\$ in 000s)

1991	0 ¹
1992	0 ¹
1993	0 ¹
1994	\$92,400
1995	371,870

¹ This program was not authorized prior to 1994.

1996 BUDGET REQUEST

The Department requests \$693.5 million for Goals 2000 State and local improvement grants, an increase of 86.5 percent over the 1995 level. States will distribute about \$618 million of this amount to their LEAs, an increase of \$286 million over the comparable 1995 amount.

Federal support for this reform movement dates back to 1989 when President Bush and the Nation's Governors, led by then-Governor Clinton, met in Charlottesville at an education summit. The National Education Goals established following that summit (plus two more goals) were codified in the Goals 2000: Educate America Act. The requested level would continue the momentum begun in that year to ensure that the program reaches the "critical mass" of participation necessary to effect school reform. To date, 43 States and 5 territories have elected to participate, and 3 of those States have moved to the second stage of participation – submission of a comprehensive statewide reform plan for national peer review. The funding increase would become available at the time most States and communities become ready to institute widespread, often costly, reforms. With this level of funding, as many as 16,000 individual schools could be actively participating in Goals 2000 by 1996.

It will be several years before the impact of Goals 2000 on schools and students will be apparent, but each year there should be additional evidence of the degree to which States and localities are putting in place the components of reform that are prerequisites to school improvement. The Department is developing Goals 2000 **performance indicators** to be examined through its evaluation plan (See National Programs justification materials). Some preliminary examples of hoped for results are:

- o The percentage of students who meet or exceed proficiency levels in reading and math on such measures as the National Assessment of Educational Progress will increase by 10 percent between 1994 and 1998 and by 20 percent by the year 2000.

EDUCATION REFORM

Goals 2000: State and local education systemic improvement

- o **Students in high-poverty schools will show improvement** comparable to that for the Nation, dramatically reversing the decline in disadvantaged communities in recent years.
- o **Students targeted by other Federal programs, including Indians, limited English proficient, and migrant students, will show gains comparable to students overall; students with disabilities will show gains indicating they are achieving to their full potential.**
- o **Surveys of parents will indicate larger percentages who say that schools are more open and responsive to their involvement.**
- o **By 1996-97, at least 75 percent of the States will review State licensing/certification standards for teachers and at least 50 percent of the States will make noticeable progress in aligning and raising teacher licensing standards consistent with their student academic standards.**

IMPACT DATA (\$ in 000s)

	1994	1995	1996
State grants	\$91,480	\$367,974	\$686,200
Subgrants to LEAs	(51,600)	(331,177)	(617,580)
Set-aside for Territories BIA, and AFN	920	3,896	7,300

EDUCATION REFORM

Goals 2000: National programs

(Goals 2000: Educate America Act, Title II, sections 219, 200, and 221; and Title III, sections 306(n), 313, and 314)

1996 Authorization: Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$21,530	\$46,500	+\$24,970

PURPOSE AND METHOD OF OPERATION

Goals 2000 authorizes national activities under Titles II and III to support and guide the reform efforts of States and local school districts. These activities can provide a catalyst for State and local activities, offering models for improving standards and assessments, supporting demonstrations of school reform, and assessing the progress of national school reform.

Title II authorizes:

- o grants to State and local educational agencies to help defray the costs of developing, field-testing, and evaluating State assessments that are aligned to State content standards; and
- o competitive grants to consortia of individuals and organizations to develop voluntary national opportunity-to-learn standards and to develop a listing of model standards for use, on a voluntary basis, by States.

Under Title III, the Secretary may reserve up to 5 percent of the funds for national leadership activities, such as research, development, evaluation, and technical assistance. In 1994 and 1995, these funds are being used for the following authorized activities:

- o Support of local reform activities in urban and rural school districts that enroll significant proportions of students from disadvantaged backgrounds.
- o A series of national evaluation studies of State and local reform initiatives, which are being coordinated with related studies authorized by the Elementary and Secondary Education Act.

EDUCATION REFORM

Goals 2000: National programs

- o An evaluation of the National Education Goals Panel.
- o Technical assistance to State and local educational agencies to help them achieve a greater degree of school finance equity among LEAs in the State.
- o National demonstration projects for collaborative educational improvement efforts among SEAs, LEAs, institutions of higher education, government, business, and labor.
- o Grants to tribal divisions of education to coordinate tribal and public school reform efforts.
- o Model projects to integrate multiple content standards.
- o Peer review of State improvement plans and applications.

Funding levels for the past 5 fiscal years were as follows:

(\$ in 000s)

1991	0 ¹
1992	0 ¹
1993	0 ¹
1994	\$4,600
1995	21,530

¹ The program was not authorized prior to 1994.

1996 BUDGET REQUEST

The Department requests \$46.5 million for Goals 2000 National Programs. These funds will be used to build on many of the activities started with money appropriated in 1994 and 1995, all of which will support the reform efforts of States and localities. Major efforts will support:

- o **National leadership activities, including assistance to urban and rural LEAs that have large numbers or concentrations of students who are economically disadvantaged** or who have limited English proficiency, in developing and implementing local school improvement plans. A portion of the assistance to disadvantaged LEAs will be provided through direct grants to eligible LEAs. Funds will also be reserved for networking across LEAs and other support, including assistance to other local organizations or partnerships.

EDUCATION REFORM

Goals 2000: National programs

- o **Evaluation of State and local education systemic improvement activities.** Plans call for a series of studies to assess the progress and pace of reforms, in-depth case studies of "leading-edge" States, and the evaluation of federally assisted efforts. These studies will be coordinated with a planned evaluation of Title I ESEA implementation as well as a longitudinal evaluation of the impact of reform on schools.

Systemic reform calls for a new approach to evaluation — one that looks at systems of support at all levels (national, State, and local) for improved teaching and learning, examines the ways Federal programs can contribute to this support for improved student achievement, and feeds back these performance indicators to policy makers and the public. Goals 2000 funding (and the additional support provided by Titles I and II of ESEA) cannot be assessed outside the context of broader reforms. The Department has sought extensive outside expert advice to help design its evaluation strategy. The plan involves an integrated approach that draws upon Department evaluations and research as well as studies conducted by other Federal, State, nonprofit, and private organizations. For example, the Department plans to:

- **Collaborate with the National Science Foundation** on identifying the relationship between NSF's State Systemic Reform for math and science and Goals 2000 and determining how, together, they influence the upgrading of math and science curriculum and instruction.
- **Track State and local planning and implementation for Goals 2000** to determine how closely activities are conducted in conjunction with planning and implementation for ESEA programs and how closely specific approaches relate to change.
- **Assess the extent to which State standards for content and performance have an effect in the classroom** — e.g., the extent to which standards motivate schools, teachers, and students to perform at higher levels, and how other elements of systemic reform, including professional development and assessment, contribute to higher performance.
- **Conduct an omnibus longitudinal evaluation of school change** to assess, for example, the extent to which change is happening in high-poverty as well as other schools, and how Federal programs and flexibility contribute to change.
- **Draw upon evaluations being conducted by "leading edge" reform States**, such as Delaware and Kentucky, and by such organizations as the National Governors' Association and the Education Commission of the States.

EDUCATION REFORM

Goals 2000: National programs

Other National Programs funds will be used for:

- o **Technical assistance to States and localities.** Plans include a variety of strategies, including enabling States and localities to access and use research-based knowledge for the implementation of Goals 2000; developing a series of products, such as films, videos, and resource materials; conducting regional meetings to create an understanding of systemic reform among local practitioners and parents; and facilitating cooperative efforts among Governors, State legislatures, chief State school officers, teachers, parents, and business and other constituent groups.
- o **Competitive grants to State and local educational agencies** to help defray the costs of developing **assessments** that track student progress in meeting State content standards and that may serve as models for other States and LEAs.
- o A program of technical and other assistance to States on **school finance equity**.
- o **Competitive grants to State and local consortia** for development of voluntary **opportunity-to-learn standards**.
- o **Assistance to Indian tribes** in coordinating tribal and public school reform efforts.

IMPACT DATA (\$ in 000s)

	1994	1995	1996
Grants to States and localities for:			
Opportunity-to-learn standards development	0	\$2,000	\$3,000
Development of student assessments	0	5,000	7,000
Evaluation of Goals Panel	0	500	0
Peer review of new applications	\$200	300	(2)
Assistance to States on School Finance Equity	0	(3,200) ¹	(2)
Assistance to economically disadvantaged LEAs	2,150	8,465	18,200
Technical assistance to States, localities, and community groups	2,000	4,015	(2)
National evaluation studies	<u>250</u>	<u>1,250</u>	<u>(2)</u>
Total	4,600	21,530	46,500

¹ This activity was provided for under the Education Research, Statistics, and Improvement account in 1995.

² A total of \$18.3 million would be provided for these activities under the 1996 request. Decisions have not yet been made as to specific amounts that would be provided for each activity.

EDUCATION REFORM

Goals 2000: Parental assistance

(Goals 2000: Educate America Act, Title IV)

1996 Authorization: Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$10,000	\$10,000	0

PURPOSE AND METHOD OF OPERATION

Goals 2000 has strong provisions to bring parents of school-age children into the school reform process at State and local levels. The broad-based panel that develops each State improvement plan must have parent representatives on it, and the panel is required to conduct a grassroots outreach process throughout the State to involve parents, among others. Finally, the plan itself must include strategies for how the State will involve parents and other community representatives in implementing the plan.

Title IV of Goals 2000 supports these provisions through a new program of assistance for parent information and resource centers. These centers will provide parents with training, information, and support in better understanding their children's educational needs and how to help their children -- from preschool to high school -- achieve to high standards. Each grantee will use funds to: (1) coordinate with existing programs that support parents in helping their children get ready for school and be able to reach high standards; (2) develop resource materials and provide information about high-quality programs to families, schools, school districts, and others through conferences, workshops, and dissemination of materials; and (3) support a variety of promising models of family involvement programs.

Competitive grants for these centers will be made to nonprofit organizations and nonprofit organizations in consortium with local educational agencies. Grantees will use at least one-half of their funds each year to serve areas with high concentrations of low-income families.

Funding levels for the past 5 fiscal years were as follows:

	(\$ in 000s)
1991	0 ¹
1992	0 ¹
1993	0 ¹
1994	0 ¹
1995	\$10,000

¹ This program was not authorized prior to 1995.

EDUCATION REFORM

Goals 2000: Parental assistance

1996 BUDGET REQUEST

The Department requests \$10 million in 1996 for the Parental Assistance program. This would provide level funding with the 1995 appropriation. While Goals 2000, School-to-Work Opportunities, and the Elementary and Secondary Education Act contain strong provisions concerning parental involvement, they do not provide specific assistance for parents. These centers hold great promise for supporting the new National Education Goal on parental involvement and will help to bring parents together as full partners in State and local education reform efforts. The \$10 million appropriated in 1995 and requested for 1996 would ensure that parents are "in on the ground floor" as States and localities begin to formulate their reform strategies under both Goals 2000 and School-to-Work.

IMPACT DATA (\$ in 000s)

	1994	1995	1996
Parental assistance:			
No. of centers	0	20-30	20-30
Peer review of applications	0	\$100	\$100

EDUCATION REFORM

School-to-Work opportunities: State grants and local partnerships

(School-to-Work Opportunities Act, Titles II and III)

1996 Authorization: Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$115,625 ¹	\$185,000 ¹	+\$69,375

¹ An identical amount is included in the budget for the the Department of Labor.**PURPOSE AND METHOD OF OPERATION**

With the enactment of the School-to-Work Opportunities Act, the President launched a national reform of secondary education and workforce preparation for youth. This initiative, operated through a partnership of the Departments of Education and Labor, establishes a national framework within which every State has access to seed money to design and implement a comprehensive school-to-work transition system. These systems are integrating academic and vocational education, linking secondary and postsecondary education, providing learning opportunities at the work site, and fully involving the private sector.

Any student who completes a School-to-Work program of study will receive: (1) a high school diploma; (2) a certificate or diploma recognizing 1 or 2 years of postsecondary education, if appropriate; and (3) a portable, industry-recognized skill certificate. While States and localities have broad latitude to design their own systems, each local system will have the following common core components:

- o Work-based learning, providing students with workplace mentoring and a planned program of job training and work experiences covering a broad range of tasks in an occupational area.
- o School-based learning, including a coherent multi-year sequence of instruction — typically including at least 2 years of secondary education and at least 1 or 2 years of postsecondary education — tied to occupational skills standards and challenging State academic standards.

EDUCATION REFORM

School-to-Work opportunities: State grants and local partnerships

- o Connecting activities, to ensure coordination of the work- and school-based learning components, such as providing technical assistance in designing work-based learning, matching students with employers' work-based learning opportunities, and collecting information on what happens to students after they complete the program.

School-to-Work Opportunities grants to States and local partnerships include:

- o Development grants to States. These are non-competitive grants to assist States in developing comprehensive statewide plans for School-to-Work systems. All States received development grants in 1994.
- o Implementation grants to States. These are competitive, 5-year grants to States that are ready to implement their plans. In the first competition, 8 States received awards and have begun to implement their State systems. The other States received extensions of their development grants. The second competition will be held in early 1995.
- o Local partnerships grants. These are direct grants to local communities that are ready to put school-to-work systems in place but that may be located in States that are still in the planning stage. In the first competition, 15 local partnerships received awards.
- o Urban/rural opportunities grants. These are direct grants to urban and rural areas characterized by high poverty. In 1994, grants have been awarded to 21 local partnerships.

Funding levels for the past 5 fiscal years were as follows:

	(\$ in 000s)
1991	0 ¹
1992	0 ¹
1993	0 ¹
1994	\$45,000 ²
1995	115,625 ²

¹ This program was not authorized prior to 1994.

² An identical amount was included in the budget for the Department of Labor.

1996 BUDGET REQUEST

The Department requests \$185 million in 1996 for School-to-Work grants to States and local partnerships. An identical request is included in the budget for the Department of Labor.

EDUCATION REFORM

School-to-Work opportunities: State grants and local partnerships

In 1996, the two Departments will extend their partnership through reforms proposed for the Perkins Vocational Education Act and the Job Training Partnership Act youth programs to further advance State school-to-work systems, as part of the President's GI Bill for America's Workers. Strong connections between the in-school and out-of-school components of the system will ensure that all youth served achieve to the same high standards and are prepared for good jobs and further education opportunities.

School-to-Work is a highly popular initiative, as has been evidenced by enthusiastic and bipartisan support from many Governors. Among the "leading-edge" States that have received the first 8 implementation awards:

Wisconsin has established a collaborative partnership that includes the Governor's office; the State departments of industry, labor and human relations, public instruction, administration, and health and social services; and the technical college and university system. A commission, whose members are broadly representative of local constituents, business, labor, secondary and postsecondary education, parents, students, and others, is providing direction to State officials. The State's model is designed to improve employment opportunities for all youth, including those who are college bound, those who are considered to be "at-risk," and those who may have special needs. Students will have opportunities to assess their career interests and aptitudes and to develop competencies for industry skill standards that are transportable to either postsecondary education or work settings.

In **Kentucky**, which was also one of the first States to submit a comprehensive reform plan under Goals 2000, reform efforts are grounded in the Kentucky Education Reform Act of 1990. Passage of the Act reflected agreement across diverse sectors of the State about the urgent need to reshape education and employment training for youth. Kentucky's reform legislation requires accountability standards for each school; learner goals and academic expectations; performance assessments for each student in the 4th, 8th, and 12th grades; and a curriculum framework and content guidelines based on academic standards. The Governor appointed a 17-member State Partnership Council, chaired by the Secretary of the Cabinet for Workforce Development, to guide the initial design and implementation of the State's School-to-Work system. Local partnership councils guide the development and implementation of local school-to-work systems in 22 labor market areas.

Oregon, a State whose School-to-Work plan is also integrated with its Goals 2000 plan, has designed a regional "rollout" strategy that builds on the capacity of 15 regional workforce quality committees. The State will use a set of criteria and a portfolio self-assessment process to identify the regions most ready to launch School-to-Work systems. The Governor and the Superintendent of Public Instruction have appointed a steering committee made up of business, education, labor, and State

EDUCATION REFORM

School-to-Work opportunities: State grants and local partnerships

agency leaders to advise the State's School-to-Work staff on policy issues. As with other States, Oregon's vision of a statewide School-to-Work Opportunities system has evolved over the past several years and is grounded in broadly supported State legislation that creates the framework for a comprehensive human resource investment system.

Additional States will "come on line" at different points in time, depending on each State's readiness to undertake broad-scale change and the availability of Federal funds. With the level of funds requested, the Departments anticipate that, by 1996, a total of 43 States will be embarked on full-fledged implementation of comprehensive statewide plans and as many as 25,000 students will be participating.

While School-to-Work Opportunities systems are intended to become permanently institutionalized by States and localities, the School-to-Work Opportunities Act will not be a permanent source of Federal support. Rather, the funds are seed money to build the systems that are linking school systems, postsecondary education, and the private sector. Under the current plan, funding under the Act will phase out by fiscal year 2001 as State systems are implemented.

IMPACT DATA (\$ IN 000s)

	1994	1995	1996
State development grants	\$26,000	\$9,200	\$3,000
Number of new awards	52	0	0
Number of extensions	44	24	9
State implementation grants	\$43,000	\$172,850	\$303,200
Number of awards	8	28	43
Local implementation grants	\$10,000	\$21,700	\$19,800
Number of awards	15	41	38
Grants to high-poverty areas	\$10,000	\$25,000	\$40,000
Number of awards	21	50	85
Grants to Territories	\$500	\$1,250	\$2,000
Number of awards	7	7	7
Programs for Indian youth	\$500	\$1,250	\$2,000
Number of awards	11	32	40

Note—Data reflect total program, which includes funds in equal amounts appropriated to and requested by the Departments of Education and Labor.

EDUCATION REFORM

School-to-Work opportunities: National programs

(School-to-Work Opportunities Act, Sections 214(d) and 303(d) and Title IV)

1996 Authorization: Indefinite¹

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$9,375 ²	\$15,000 ²	+\$5,625

¹ From the total amount appropriated for the School-to-Work Opportunities Act, the Secretary must reserve 2.5 percent for capacity-building activities under section 404 and may reserve not more than 5 percent for other activities authorized by title IV and for peer review activities authorized by sections 214(d) and 303(d).

² An identical amount is included in the budget for the Department of Labor.

PURPOSE AND METHOD OF OPERATION

The School-to-Work Opportunities Act contains authority for the Secretaries of Education and Labor to conduct a number of activities that support the work being carried out by States and localities.

Under statutory requirements, the Departments must use 2.5 percent of the appropriated funds to collect and disseminate information on successful School-to-Work Opportunities initiatives, labor market analysis, skill standards and certificates, and methods for recruiting and building the capacity of employers to provide work-based learning opportunities.

In addition, 5 percent of the appropriated funds may be used for other national activities, including:

- o Establishing, in collaboration with States, a system of performance standards for assessing State and local initiatives;
- o Conducting a national evaluation of the School-to-Work Opportunities Act, which must be completed by September 30, 1998;
- o Providing training and technical assistance to States, local partnerships, and others;
- o Conducting research and demonstrations; and

EDUCATION REFORM

School-to-Work opportunities: National programs

- o Reporting to the Congress, not later than May 4, 1996, and every 12 months thereafter, on all activities carried out under the Act.

Funding levels for the past 5 fiscal years were as follows:

	(\$ in 000s)
1991	0 ¹
1992	0 ¹
1993	0 ¹
1994	\$5,000 ²
1995	9,375 ²

¹ This program was not authorized prior to 1994.

² An identical amount was included in the budget for the Department of Labor.

1996 BUDGET REQUEST

For 1996, the Department requests \$15 million to continue and build upon national School-to-Work activities begun in 1994 and 1995. An identical amount is requested for the Department of Labor.

The Departments have launched a joint effort with States to design a performance measurement system and have begun to implement a multi-year evaluation agenda that includes strategies for obtaining quantitative and qualitative information on the development of School-to-Work Opportunities systems at the State and local levels. Funds requested for National Programs will allow full-scale implementation of the technical assistance, peer review, research, and evaluation authorities. In addition, the Departments are planning technical assistance strategies around State and locally identified priorities. The strategy will rely upon State and local choices to use nationally identified experts.

The limited but important Federal role in the School-to-Work Opportunities initiative is to establish broad national criteria and a framework within which States can create comprehensive School-to-Work systems. Funds appropriated for National Programs will ensure that the Departments, in addition to providing seed capital for State and local initiatives, can help States and localities learn from each other and from the experience of our international competitors, and build a knowledge base of effective school-to-work models.

EDUCATION REFORM

Goals 2000: State and Local Education Systemic Improvement

State or Outlying Area	1994 Appro. for 1995	1995 Estimate for 1996	1996 Request for 1997
Alabama	\$1,566,679	\$6,201,251	\$11,572,558
Alaska	450,999	1,589,808	3,130,816
Arizona	1,332,598	5,442,449	10,277,500
Arkansas	970,400	3,770,384	7,023,053
California	10,262,973	43,193,475	80,142,675
Colorado	1,061,663	4,293,695	7,991,435
Connecticut	940,237	3,533,887	6,410,202
Delaware	398,044	1,326,896	2,508,160
Florida	3,926,111	16,059,696	29,959,463
Georgia	2,301,865	9,093,702	17,343,379
Hawaii	409,227	1,419,282	2,863,114
Idaho	448,714	1,610,600	3,010,795
Illinois	4,039,578	16,555,512	30,427,858
Indiana	1,696,101	6,830,777	12,806,626
Iowa	867,961	3,374,755	6,279,586
Kansas	846,349	3,286,484	6,292,585
Kentucky	1,444,799	6,011,402	11,305,908
Louisiana	2,014,752	8,298,652	15,587,462
Maine	495,905	1,692,882	3,135,968
Maryland	1,416,545	5,485,762	10,212,398
Massachusetts	1,840,056	7,115,123	12,799,068
Michigan	3,536,319	14,843,996	27,809,890
Minnesota	1,357,251	5,474,876	10,357,667
Mississippi	1,329,855	5,288,296	9,949,662
Missouri	1,653,888	6,714,749	12,494,789
Montana	449,712	1,602,745	2,964,944
Nebraska	556,027	2,058,931	3,699,538
Nevada	402,336	1,423,387	2,656,339
New Hampshire	392,976	1,325,881	2,512,007
New Jersey	2,387,070	8,971,295	16,120,432
New Mexico	726,202	2,818,904	5,334,775
New York	6,995,086	27,974,294	52,006,386
North Carolina	2,010,873	7,830,312	14,818,939
North Dakota	398,603	1,377,032	2,574,879
Ohio	3,622,799	15,337,704	28,085,459
Oklahoma	1,129,049	4,532,610	8,526,264
Oregon	1,024,176	4,125,341	7,750,101
Pennsylvania	3,973,405	15,958,503	29,487,680
Rhode Island	433,762	1,520,938	2,778,682
South Carolina	1,246,896	4,901,425	9,201,687
South Dakota	418,828	1,451,147	2,675,165
Tennessee	1,640,414	6,536,897	12,221,909
Texas	7,112,610	29,888,515	55,523,058
Utah	694,408	2,670,041	4,993,422
Vermont	399,041	1,307,701	2,505,857
Virginia	1,747,392	6,831,824	12,609,058
Washington	1,546,287	6,444,827	12,386,966
West Virginia	762,147	2,948,455	5,671,958
Wisconsin	1,645,588	6,786,810	12,878,364
Wyoming	363,285	1,297,540	2,501,972
District of Columbia	467,311	1,566,387	2,730,354
Puerto Rico	2,324,848	9,976,183	18,491,188
American Samoa	44,917	(¹)	(¹)
Northern Marianas	25,000	(¹)	(¹)
Guam	47,455	(¹)	(¹)
Virgin Islands	92,677	(¹)	(¹)
Palau	25,000	(¹)	0
Marshall Islands	73,729	(¹)	(¹)
Micronesia	25,000	(¹)	(¹)
Alaska Federation of Natives and BIA	586,222		
Subtotal, Outlying Area, BIA, & AFN	920,000	3,896,000 ¹	7,300,000
Total	92,400,000	371,870,000	693,500,000

¹ Distribution to be determined.

Department of Education
EDUCATION FOR THE DISADVANTAGED
Fiscal Year 1996 Budget Request

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EDUCATION FOR THE DISADVANTAGED

For carrying out [the activities authorized by] title I of the Elementary and Secondary Education Act of 1965[, as amended by the Improving America's Schools Act as enacted into law, and by section 418A of the Higher Education Act],¹ [\$7,232,722,000] \$7,441,292,000, of which [\$7,214,160,000] \$7,401,646,000 shall become available on July 1, [1995] 1996 and shall remain available through September 30, [1996] 1997.² Provided, That [\$6,698,356,000 shall be available for grants to local education agencies, not less than \$41,434,000 shall be available for capital expenses, \$102,024,000 shall be available for the Even Start program, \$305,475,000 shall be available for title I migrant education activities, not less than \$39,311,000 shall be available for title I delinquent and high-risk youth education activities, no more than \$27,560,000 shall be for program improvement activities, and \$8,270,000 shall be for evaluation]³ \$5,266,863,000 shall be available for basic grants under section 1124, which shall be allocated without regard to section 1124(d), and that up to \$3,500,000 of these funds shall be available to the Secretary on October 1, 1995 to obtain updated local-educational-agency-level census poverty data from the Bureau of the Census.⁴ Provided further, That no eligible local educational agency shall receive a basic grant from such funds that is less than 85 percent of the basic grant it received for fiscal year 1995.⁵ Provided further, That \$663,137,000 shall be available for concentration grants under section 1124A.⁶ Provided further, That \$1,000,000,000 shall be available for targeted grants under section 1125.⁷ Provided further, That \$36,146,000 for part E shall be used to carry out sections 1501 and 1502.⁸ (*Department of Education Appropriations Act, 1995*)

Note—Each language provision that is followed by a footnote reference is explained in the Analysis of Language Provisions and Changes document which follows the appropriation language.

EDUCATION FOR THE DISADVANTAGED

Analysis of Language Provisions and Changes

Language Provision	Explanation
¹ ... [, as amended by the Improving America's Schools Act as enacted into law, and by section 418A of the Higher Education Act]	These citations are deleted because all fiscal year 1996 amounts for Title I programs are requested under the reauthorized Elementary and Secondary Education Act, and because no funds are requested for the HEP and CAMP programs authorized under the Higher Education Act.
² ... of which [\$7,214,160,000] <u>\$7,401,646,000</u> shall become available on July 1, [1995] <u>1996</u> and shall remain available through September 30, [1996] <u>1997</u> :	This language provides for funds to be appropriated on a forward-funded basis for Title I Basic Grants, Concentration Grants, Targeted Grants, Capital Expenses, State Agency Migrant and Neglected and Delinquent programs, and State School Improvement Grants.
³ ... [\$6,698,356,000 shall be available for grants to local education agencies, not less than \$41,434,000 shall be available for capital expenses, \$102,024,000 shall be available for the Even Start program, \$305,475,000 shall be available for title I migrant education activities, not less than \$39,311,000 shall be available for title I delinquent and high-risk youth education activities, no more than \$27,560,000 shall be for program improvement activities, and \$8,270,000 shall be for evaluation]	This language is deleted because it established specific funding levels in fiscal year 1995 for Title I Basic Grants, Concentration Grants, Capital Expenses, Even Start, State Agency Migrant and Neglected and Delinquent programs, State Program Improvement Grants, and Evaluation.

EDUCATION FOR THE DISADVANTAGED

Analysis of Language Provisions and Changes

Language Provision	Explanation
⁴ ...\$5,266,863,000 shall be available for basic grants under section 1124, which shall be allocated without regard to section 1124(d), and that up to \$3,500,000 of these funds shall be available to the Secretary on October 1, 1995 to obtain updated local-educational-agency-level census poverty data from the Bureau of the Census:	This language establishes a specific funding level in fiscal year 1996 for title I basic grants, overriding the amount for basic grants in the authorizing statute. The language also makes available, on October 1, 1995, \$3,500,000 from basic grant funds to support work by the Census Bureau to update LEA-level poverty data. This data will be used by the Department to make allocations directly to LEAs, beginning in 1999, as required by the statute.
⁵ <i>Provided further</i>, That no eligible local educational agency shall receive a basic grant from such funds that is less than 85 percent of the basic grant it received for fiscal year 1995:	This language overrides the statutory language guaranteeing each LEA, in 1996, a basic grant allocation that is at least 100 percent of its previous-year amount. The budget request would ensure that each LEA receives at least 85 percent of its 1995 allocation.
⁶ <i>Provided further</i>, That \$663,137,000 shall be available for concentration grants under section 1124A:	This language, which establishes a specific funding level in fiscal year 1996 for title I concentration grants, overrides statutory provisions that would require a funding levels inconsistent with the Administration's request.

EDUCATION FOR THE DISADVANTAGED

Analysis of Language Provisions and Changes

⁷ <i>Provided further</i> , That \$1,000,000,000 shall be available for targeted grants under section 1125:	This language, which establishes a specific funding level in fiscal year 1996 for title I targeted grants, overrides statutory provisions that would require a funding level inconsistent with the Administration's request.
⁸ <i>Provided further</i> , That \$36,146,000 for part E shall be used to carry out sections 1501 and 1502.	This language earmarks funding for title I evaluation and for demonstrations of innovative practices.

EDUCATION FOR THE DISADVANTAGED

Amounts Available for Obligation
(\$ in 000s)

	1994	1995	1996
<u>Current authority:</u>			
Annual appropriation	\$6,924,497	\$7,232,722	\$7,441,292
<u>Comparative transfer to</u> <u>School Improvement</u> <u>Programs for:</u>			
Migrant program coordination centers	-2,735	0	0
Technical assistance centers	-5,113	0	0
Rural technical assistance centers	<u>-4,960</u>	<u>0</u>	<u>0</u>
Subtotal, comparable current authority	6,911,689	7,232,722	7,441,292
<u>Permanent authority:</u>			
Spending authority from offsetting collections from Federal funds:			
Reimbursements from Department accounts for consolidated grants to insular areas	<u>15,206</u>	<u>0</u>	<u>0</u>
Subtotal, gross budget authority	6,926,895	7,232,722	7,441,292
Recovery of prior year obligations	6,233	0	0
Unobligated balance, start of year	104,814	12,396	0

EDUCATION FOR THE DISADVANTAGED

Amounts Available for Obligation – continued
(\$ in 000s)

	1994	1995	1996
Unobligated balance, end of year	-\$12,396	0	0
Unobligated balance expiring	<u>-21</u>	<u>0</u>	<u>0</u>
Total obligations	7,025,524 ¹	\$7,245,118	\$7,441,292

¹ Includes \$15.206 million in 1994 for reimbursable activities carried out in this account.

EDUCATION FOR THE DISADVANTAGED

Obligations by Object
(\$ in 000s)

	1994	1995	1996
Printing and Reproduction	\$76	\$150	\$150
Advisory and assistance services	7,656	7,245	0
Other services:			
Field reader costs	0	15	66
Other services	<u>21,885</u>	<u>16,823</u>	<u>11,934</u>
Subtotal, Other services	21,885	16,838	12,000
Grants, subsidies, and contributions	<u>6,993,511</u>	<u>7,220,885</u>	<u>7,429,142</u>
Total	7,023,128	7,245,118	7,441,292

NOTES

Excludes \$15,206 million in 1994 obligations from permanent authority.

Amounts shown in 1994 and 1995 for advisory and assistance services reflect estimates of contracts that may be classified as such; these amounts may change once the funds are obligated.

EDUCATION FOR THE DISADVANTAGED

Summary of Changes
(\$ in 000s)

1995	\$7,232,722
1996	<u>7,441,292</u>
Net change	+208,570

	<u>1995 base</u>	<u>Change from base</u>
<u>Increases:</u>		
<u>Program:</u>		
Initial funding for LEA Targeted Grants to direct additional funds to high-poverty schools	0	+\$1,000,000
Increase to reflect statutory set-aside of 1 percent of total Grants to LEAs for BIA/Outlying Areas	\$66,984	+3,016
Increase in State Agency Migrant program to meet higher costs of helping highly mobile migrant children reach challenging State standards	305,475	+4,525
Increase in State Agency Neglected and Delinquent program to improve services for children and youth in institutions	39,311	+689
Increase in State School Improvement Grants to implement new statewide strategies to improve schools and districts and reward schools where student performance exceeds State expectations	27,560	+7,586
Initial funding for Demonstrations of Innovative Practices to fund and evaluate new strategies for educating disadvantaged children	0	+25,146

EDUCATION FOR THE DISADVANTAGED

Summary of Changes -- Continued
(\$ in 000s)

	<u>1995 base</u>	<u>Change from base</u>
<u>Increase:</u>		
<u>Program:</u> (continued)		
Increase for Evaluation to carry out mandated studies and evaluations	\$8,270	<u>+\$2,730</u>
Subtotal, increases		<u>+1,043,692</u>
<u>Decreases:</u>		
<u>Program:</u>		
Decrease in Basic Grants reflecting the Administration's proposal to increase funds to high-poverty areas by allocating a higher portion of LEA funds through the new Targeted Grants formula	5,968,235	-701,372
Decrease reflecting Administration's proposal to bring capital expenses funding level into line with State needs	41,434	-21,434
Decrease reflecting the Administration's proposal to consolidate Even Start with Adult Education and Family Literacy programs in the Vocational and Adult Education account	102,024	-102,024
Decrease to terminate funding for the High School Equivalency and College Assistance Migrant programs, which duplicate services provided by other Federal education programs and are costly for the small number of students served	10,292	-10,292
Subtotal, decreases		<u>-835,122</u>
Net change		<u>+208,570</u>

EDUCATION FOR THE DISADVANTAGED

Authorizing Legislation

Activity	1995 Authorized	1995 Estimate	1996 Authorized	1996 Request
Grants to LEAs (ESEA-I-A):	\$7,400,000,000 ¹			
Basic Grants (1124)	(1)	\$5,968,235,000	Indefinite ^{1,2}	\$5,266,863,000
Concentration Grants (1124A)	(1)	663,137,000	Indefinite ^{1,2}	663,137,000
Targeted Grants (1125)	0	0	Indefinite ^{1,2}	1,000,000,000
Set-aside for Bureau of Indian Affairs and the Outlying Areas (1122)	(3)	66,984,000	(3)	70,000,000
Capital expenses (1120(e))	41,434,000	41,434,000	Indefinite	20,000,000
Even Start (ESEA-I-1-B)	118,000,000	104,024,000	Indefinite	0
State agency programs (ESEA-I-1):				
Migrant (D-1):	310,000,000	305,475,000	Indefinite	310,000,000
Neglected and delinquent (D-3)	40,000,000	39,311,000	Indefinite	40,000,000
State school improvement grants (ESEA-I-A-1116 and 1117)	0	27,560,000 ^s	Indefinite	35,146,000
Demonstrations of innovative practices (ESEA-I-E-1502)				
Evaluation (ESEA-I-E-1501)	50,000,000 ^e	0	Indefinite ^e	25,146,000
Migrant education:	9,000,000	8,270,000	Indefinite	11,000,000
High school equivalency program (HEA-IV-A-5-418A)	Indefinite	8,088,000	Indefinite	0
College assistance migrant program (HEA-IV-A-5-418A)	Indefinite	2,204,000	Indefinite	0

EDUCATION FOR THE DISADVANTAGED

Authorizing Legislation -- Continued

Activity	1995 Authorized	1995 Estimate	1996 Authorized	1996 Request
Unfunded authorizations:				
Education Finance Incentive Grants (ESEA I-A-1125A)	0	0	\$200,000,000	0
Innovative elementary school transition projects (ESEA-I-E-1503)	(e)	0	(e)	0
Unfunded authorizations (continued):				
National Mini Corps Programs (HEA-V-F-1)	Indefinite	0	Indefinite	0
Total Definite authorization	\$7,968,434,000		200,000,000	
Total appropriation		\$7,232,722,000		\$7,441,292,000

¹ Of the total funds appropriated for Grants to LEAs, 90 percent must be distributed through the Basic Grants formula and 10 percent must be distributed through the Concentration Grants formula.

² Amounts appropriated in excess of the fiscal year 1995 appropriation for Grants to LEAs must be distributed through the Targeted Grants formula.

³ One percent of the total Title I LEA Grant appropriation is set aside for the Bureau of Indian Affairs and the Outlying Areas.

⁴ Even Start is proposed to be consolidated in 1996 with Adult Education and Family Literacy programs in the Vocational and Adult Education account.

⁵ For fiscal year 1995, funds were authorized in appropriation language.

⁶ For activities authorized under sections 1502 and 1503, \$50,000,000 is authorized, of which not less than \$10,000,000, but not more than \$40,000,000, must be used for section 1503 activities.

EDUCATION FOR THE DISADVANTAGED

Table of Estimates and Appropriations
(\$ in 000s)

	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1987	\$3,688,163	\$3,999,163	\$3,896,663	\$3,951,663
1988	4,144,163	4,603,000	4,486,000	4,336,543
1989	4,556,065	4,672,619	4,598,576	4,579,138
1990	5,080,441 ¹	5,580,069	5,080,762	5,434,777
1990 Sequester				-66,416
1991	5,838,939	6,225,250	6,376,674	6,224,516
1991 Sequester				-81
1992	6,224,334	7,075,750	6,436,526	6,706,254
1993	6,828,207	6,759,924	6,770,943	6,708,986
1993 Suppl.	734,805	734,805		
1994	7,110,155	6,871,147	6,971,620	6,924,497
1995	7,578,514	7,245,655	7,233,411	7,232,722
1996	7,441,292			

¹ Reflects 1990 budget amendment submitted February 1989

EDUCATION FOR THE DISADVANTAGED**Significant Items in FY 1995 Appropriations Reports****Coordination of Federal Programs for the Disadvantaged**

House: The Committee directs the Secretaries of Education and Health and Human Services to report to the Committee by February 28, 1995, on their efforts to coordinate Title I and other programs such as Head Start that provide services to disadvantaged children and their families.

Response: The Secretaries will submit this report by the deadline.

House: The Committee directs the Secretaries of Education, Labor, and Health and Human Services, and other relevant agencies to convene a working group to review and evaluate the concept of developing and implementing a Federal initiative creating comprehensive early childhood family centers. The Committee provides \$500,000 for planning, research, and evaluation to get the project underway and directs the Secretary of Education, as the lead agency, to report findings to all relevant committees by February 28, 1995.

Response: The Department is pursuing this initiative and will provide a status report to Congress by the February 28 deadline.

Title I Schoolwide Programs

House: The Committee directs the Secretary to make every effort to encourage maximum participation in the Title I schoolwide program, which allows local education agencies flexibility to combine funds from a variety of categorical education programs.

Response: The Department is addressing the Committee's concern by providing technical assistance to SEAs, who are required to sponsor "school support teams" to help schools design and implement schoolwide programs. In addition, the Department is drafting new regulations for schoolwide programs that will attempt to resolve issues that have, in the past, dissuaded LEAs and schools from adopting the schoolwide option. As required by statute, the Department has submitted a draft of these regulations for negotiated rulemaking with outside "stake-holders." Also, the Department will continue to provide other assistance on schoolwide programs in the form of conferences, workshops, and publications.

EDUCATION FOR THE DISADVANTAGEDSignificant Items in FY 1995 Appropriations Reports – continued**Title I Participation of Children of Migrant and Agricultural Farmworkers**

- Senate: The Committee directs the Department to provide guidance to school districts to ensure that children of migrant and agricultural workers participate in the Title I program.
- Response: Both Title I Part A, Section 1112 (b)(8) and Part C, Section 1306 (b) clarify the eligibility of migratory children to participate in Title I programs. The Department will provide further guidance on this issue as part of various general guidance documents on the reauthorized program that it will distribute during the coming months.

EDUCATION FOR THE DISADVANTAGED

Summary of Request
(\$ in 000s)

	1995	1996	Change
Grants to local educational agencies:			
Basic grants	\$5,968,235	\$5,266,863	-\$701,372
Concentration grants	663,137	663,137	0
Targeted grants	0	1,000,000	+1,000,000
Set-aside for Bureau of Indian Affairs and the Outlying Areas	<u>66,984</u>	<u>70,000</u>	<u>+3,016</u>
Subtotal	6,698,356	7,000,000	+301,644
Capital expenses for private school children	41,434	20,000	-21,434
Even start	102,024	0 ¹	-102,024
State agency programs:			
Migrant	305,475	310,000	+4,525
Neglected and delinquent	<u>39,311</u>	<u>40,000</u>	<u>+689</u>
Subtotal	344,786	350,000	+5,214
State school improvement grants	27,560	35,146	+7,586
Demonstrations of innovative practices	0	25,146	+25,146
Evaluation	<u>8,270</u>	<u>11,000</u>	<u>+2,730</u>
Subtotal, Title I	7,222,430	7,441,292	+218,862
Migrant education:			
High school equivalency program	8,088	0	-8,088
College assistance migrant program	<u>2,204</u>	<u>0</u>	<u>-2,204</u>
Subtotal	<u>10,292</u>	<u>0</u>	<u>-10,292</u>
Total	7,232,722	7,441,292	+208,570

¹ Even Start is proposed to be consolidated in 1996 with Adult Education and Family Literacy programs in the Vocational and Adult Education account.

EDUCATION FOR THE DISADVANTAGED

Summary of Request – Continued

Programs in the Education for the Disadvantaged account provide supplemental educational services for at-risk children, primarily in grades K-12, who attend schools with concentrations of children from low-income families. Although these programs provide only a small part of the Nation's total funding for the education of low-income, low-achieving children, they influence what happens in over one-half of the schools in the country, and touch one of every seven school children.

Evaluations show that, over the last two decades, Title I programs (the major activities funded under this account) have improved basic reading and mathematics skills of the lowest-achieving children in school districts all across the country, and have helped close the learning gap between disadvantaged children and other students. The trend started to reverse in the late 1980s, however, when many States began fundamental education reforms stressing high standards, and the Nation focused on the National Education Goals. Since that time, disadvantaged children, especially in high-poverty schools, have shown little progress. Comparisons of children in high- and low-poverty schools indicate that:

- o Eighth graders in schools with at least 50 percent poor children are 57 percent more likely to leave school by grade 10 than are students in low-poverty schools.
- o First graders in high-poverty schools start school scoring 27 and 32 percentile points lower in reading and math, respectively, than their peers in low-poverty schools. High-poverty schools appear unable to close the initial gap, which increases in both grades 4 and 8.
- o Children in high-poverty schools also suffer from low expectations. An "A" student in a high-poverty school is more likely to be a "C" student in a low-poverty school, even when measured on the same test.

Based on evidence that Title I (or, more precisely, the predecessor "Chapter 1" program) helped reinforce low standards and expectations for disadvantaged students, the reauthorized Title I transforms the purpose and operation of the program from providing remedial instruction (often in a "pull-out" mode) to helping ensure that disadvantaged children, especially in high-poverty schools, benefit from broader efforts aimed at raising the achievement of all children to meet internationally competitive standards. Toward this overall objective, the new program:

- o Integrates Title I with wider school reforms that stress high academic standards. The law requires States to adopt challenging content and performance standards, and to develop student assessments that measure children's progress towards those standards. States will also use the assessments to hold schools and districts accountable for students' progress.

EDUCATION FOR THE DISADVANTAGED

Summary of Request – Continued

- o Emphasizes good schools, not simply good Federal programs. The new statute changes Title I from a district-directed "one-size-fits-all" program to a significant resource for school-level improvement. The program puts teachers, principals, and parents in control of decisions about how to use funds in ways that make the most sense for students and promote significant student achievement. Also, the reauthorization encourages high-poverty schools to use Title I funds for schoolwide programs that benefit all children, instead of for a few children deemed the most disadvantaged. Finally, it reinforces, rather than competes with, the general school curriculum by enriching and extending learning for students.
- o Promotes parent involvement in the education of their children. All schools will institute new parent-school compacts that identify mutual responsibilities for helping children meet the new standards. The new learning compacts will give schools a new vehicle for reaching out to parents, and also provide a way for parents to be more involved in the education of their children.
- o Creates new, State-designed incentives to promote systemic changes and improvements across schools. For example, the new Act provides States with resources to recognize distinguished schools and educators and operate State school support teams that will help schools plan and implement schoolwide programs.
- o Establishes a clear line of accountability for results. Each participating school and LEA will measure its programs annually against the State standards. Also, SEAs will identify LEAs that fail to make adequate progress, and make technical assistance available to them. Ultimately, SEAs will take corrective action – which could include such measures as removing schools from the jurisdiction of the LEA, or placing the LEA in receivership – against LEAs that repeatedly fail. LEAs will hold schools accountable using a similar process.

The fiscal year 1996 budget request for this account totals \$7.4 billion, an increase of \$208.6 million (2.9 percent) over the 1995 appropriation level. The request supports major reauthorization objectives with a 4.5 percent increase for Title I Grants to Local Educational Agencies. This increase, along with proposed appropriations language to retarget a portion of funds to the poorest districts, will provide additional resources to the poorest LEAs with schools needing the most help to nurture productive learning environments for enhanced student achievement.

For the two State Agency Programs, the 1996 request includes an overall \$5.2 million increase, including an additional \$4.5 million for the Migrant program and an increase of \$.7 million for the Neglected and Delinquent program. The increases will help meet the higher costs of providing special services and arrangements to ensure that highly mobile children of migratory workers and youth in State-operated institutions for the neglected and delinquent also benefit from Title I reforms.

EDUCATION FOR THE DISADVANTAGED

Summary of Request – Continued

Increases are also requested for three programs that are key to building knowledge and momentum for State and local reforms in their earliest stages, and also to helping those reforms stay on track. A \$7.6 million increase is requested for State School Improvement Grants (to \$35.1 million), to facilitate early implementation of newly required State arrangements to recognize and reward exemplary school and LEA performance, and also to enable States to implement the accountability provisions of the law. In addition, the request includes a \$2.7 million increase for Title I Evaluation to begin and continue studies mandated under the reauthorization, including evaluations of State approaches for implementing the required standards and assessment systems. Also, \$25.1 million is requested to implement a new authority for Title I Demonstrations, under which the Department will fund demonstrations of new approaches to creating the capacity for high-performance teaching and learning in the neediest districts and schools.

The request reflects changes for three other Title I programs, whose functions are, or can be, addressed by other programs or arrangements. First, the request includes a \$21.4 million reduction over the fiscal year 1995 appropriation level for the Title I Capital Expenses program to provide an amount sufficient to meet declining State and local funding needs. In addition, the Administration proposes to consolidate the Title I Even Start program into a new Adult Education and Family Literacy program, with funding requested under the Vocational and Adult Education account. Finally, the Department requests no funding in 1996 for the High School Equivalency and College Assistance Migrant programs authorized by the Higher Education Act. These programs are expensive to operate, benefit few students, and duplicate services provided by other Federal programs at a much lower cost.

EDUCATION FOR THE DISADVANTAGED

Grants to local educational agencies

(Elementary and Secondary Education Act of 1965, Title I, Part A)

1996 Authorization (\$ in 000s): Indefinite ¹

Budget Authority (\$ in 000s):

	<u>1995</u>	<u>1996</u>	<u>Change</u>
Basic Grants	\$5,968,235	\$5,266,863	-\$701,372
Concentration Grants	663,137	663,137	0
Targeted Grants	0	1,000,000	+1,000,000
Set-aside for BIA and Outlying Areas	<u>66,984</u>	<u>70,000</u>	<u>+3,016</u>
Total	6,698,356	7,000,000	+301,644

¹ Of the total funds appropriated for Grants to LEAs, 90 percent is distributed as Basic Grants and 10 percent as Concentration Grants. The amount appropriated in excess of the fiscal year 1995 level is distributed as Targeted Grants.

PURPOSE AND METHOD OF OPERATION

Under the reauthorized Title I, Grants to Local Educational Agencies (LEAs) provide supplemental education funding to LEAs and schools, especially in high-poverty areas, to help low-income, low-achieving students learn to the same high standards as other children. The new statute addresses research findings that concluded, among other things, that the predecessor Chapter 1 program operated at the margins of reform, that disadvantaged children had been held to lower standards and expectations than other children, and that the program was not structured to help disadvantaged children make significant progress toward the goals set by the Nation for all students and schools.

Changes under the reauthorized program promote Title I as an integral part of State and local reform efforts. The program shifts from providing remedial instruction to a new focus on challenging curriculum. In addition, as a condition for receiving Title I funds, the statute requires that:

- o By 1997, all States establish or adopt a set of challenging content and performance standards that they will use as a basis for reforms at the LEA and school levels. All Title I instruction, assessment, and accountability will align with the standards.
- o By 1999, all States have new State assessment systems in place to assess children served by Title I against the State standards. State assessments will be used to hold schools and LEAs accountable for making adequate progress towards the State standards. In addition, States will institute new incentives for school and district

EDUCATION FOR THE DISADVANTAGED

Grants to local educational agencies

improvement as well as corrective actions for repeated failure. (These mechanisms are described under the State school improvement activity).

The reauthorization also gives teachers, principals, and parents more control over decisions about how program resources are used, so that each school's program operates in ways that make the most sense for students and that promote significant student achievement toward the standards. To strengthen school-based decision-making, the new law:

- o Expands the schoolwide program approach, to enable schools to use Title I funds, in combination with other Federal, State, and local funds, for improvements that benefit all children, instead of children singled out for services. In 1996, the threshold for schoolwide program eligibility will decrease to include schools with at least 50 percent enrollment of children from low-income families. As a result, the number of eligible schools will rise from approximately 9,300 to 21,900.
- o Promotes instruction to increase the learning of children served by the program, through enriched and accelerated curriculum (instead of remedial drill and practice workbook exercises), extended-day and extended-year programs that supplement regular instruction, and decreased dependence on programs that pull children out of class to receive Title I instruction.
- o Requires school-parent compacts that define mutual responsibilities for each child's educational progress.

The new reauthorization also includes four different formulas for allocating funds:

- o Basic Grants, which are currently allocated to counties, are based on the number of children from low-income families in each county, weighted by per-pupil expenditures for education in the State. States make sub-allocations (from the county to the LEA level) using the best available data on the number of poor children. Beginning in 1999, the Department is to make allocations directly to LEAs, so long as the Census Bureau can produce valid data on child poverty at the LEA level by that time. Currently, virtually all counties in the Nation receive funding from Basic Grants. The statute requires that, for each year, Basic Grants receive an amount equal to 90 percent of the fiscal year 1995 appropriation for Grants to LEAs.
- o Concentration Grants flow through the Basic Grants formula, except that they only go to counties and LEAs where the number of poor children equals at least 6,500 or 15 percent of the total school-aged population. Approximately 66 percent of counties nationally receive funds. The statute requires that, each year, Concentration Grants receive an amount equal to 10 percent of the 1995 LEA Grants appropriation.
- o Targeted Grants, newly created under the reauthorization, also concentrate funds on counties with higher numbers or percentages of poor children. Unlike Concentration

EDUCATION FOR THE DISADVANTAGED

Grants to local educational agencies

Grants, however, the formula applies a series of "payment weights," rather than a single set of eligibility thresholds, to make higher payments to higher-poverty counties. Also, instead of than excluding counties below a threshold, lower-poverty counties are paid at lower per-child rates. The statute requires that, beginning in 1996, Targeted Grants receive all funds in excess of the 1995 appropriation level.

- o The new statute also includes an Education Finance Incentive Grants formula, with a separate authorization, that is based on State fiscal effort for education (defined as education spending as a percentage of per-capita income) and the degree of equity in the State's educational finance system (measured by computing the degree of variation, across LEAs, in the State's per-pupil expenditure). The formula would reward States that make a high effort and are highly equalized, but it would not consistently target funds on States with high concentrations of poor children.

Within districts, funds go to schools enrolling the greatest number of children from low-income families. LEAs with more than 1,000 students are required to use their Title I funds to serve all schools, including middle and high schools, with a poverty rate of 75 percent or more before serving schools with less needy student populations.

One percent of the total LEA Grant appropriation is set aside for the Bureau of Indian Affairs and the Outlying Areas. From the amount for the Outlying Areas, \$5 million is reserved for a program of discretionary grants to LEAs in Palau, the Federated States of Micronesia, and the Marshall Islands; this program is administered by the Pacific Regional Educational Laboratory (PREL). States are also required to reserve funds generated by counts of children in correctional institutions to make awards to LEAs for drop-out prevention programs involving youth from correctional facilities and other at-risk children.

From each State's total LEA Grant allocation, SEAs are permitted to reserve up to 1 percent, or \$400,000, whichever is greater, to cover SEA costs of administering Title I programs.

Funding levels for the past five fiscal years were as follows:

	<u>Basic Grants</u> (\$ in 000s)	<u>Concentration Grants</u> (\$ in 000s)
1991	\$5,001,910	\$555,768
1992	5,524,310	609,930
1993	5,449,924	675,998
1994	5,642,000	694,000
1995	5,968,235 ¹	663,137 ¹

¹ Excludes 1 percent of total Basic and Concentration Grants, which is set aside for BIA/Outlying Areas. For prior years, the 1 percent is included in the Basic Grants amount.

EDUCATION FOR THE DISADVANTAGED

Grants to local educational agencies

Funds for this program are provided on a forward-funded basis. The 1996 appropriation would become available on July 1, 1996, and remain available for obligation through September 30, 1997. School districts would use the funds for the 1996-97 school year.

1996 BUDGET REQUEST

The Administration requests \$7 billion, a \$301.6 million increase over the 1995 appropriation, for Title I Grants to LEAs. The request would provide LEAs and schools with the resources to serve disadvantaged children more effectively through school restructuring, by merging Title I programs with the regular school curriculum and instituting new learning arrangements to educate the lowest-achieving children to challenging standards.

The Department is proposing to allocate \$1 billion of the appropriation through the new Targeted Grants formula (including \$299 million of the proposed increase and \$701 million shifted from Basic Grants). The proposal would change the statutory distribution of Title I Grants to LEA funds, and would also improve the targeting of Title I funds to the school districts and schools that have the greatest needs and the farthest to go in meeting the new standards.

Title I funds are intended to help close the achievement gap between high- and low-poverty schools. However, currently most of the funds are allocated through Basic Grants, which spread funds thinly across 93 percent of all school districts and 66 percent of all public schools. The program does not reach 13 percent of the highest-poverty schools (over 75 percent poor), because weak targeting leaves the poorest districts with insufficient funds to serve all of their high-poverty schools. Allocating \$1 billion through Targeted Grants will improve targeting by distributing funds in a manner that provides higher per-child amounts for counties and districts with high percentages or numbers of poor children.

Poor rural and urban counties would receive substantially larger allocations under the Administration's proposal, when compared to the statutory distribution. Some examples:

<u>County</u>	<u>Poverty Rate</u>	<u>Statutory Formula</u>	<u>Revised Formula</u>	<u>Percent Difference</u>
East Carroll, La.	68.9%	\$1,308,353	\$1,393,265	+6.5%
Philadelphia, Pa.	30.2%	86,746,830	88,967,529	+2.6%
Dade County, Fla.	23.4%	64,664,092	66,265,777	+2.5%

The budget request includes appropriations language to override the provision setting the minimum amount each State receives under Basic Grants, and also language to override the provision guaranteeing that, in fiscal year 1996, each LEA will receive 100 percent of its prior-year Basic Grant allocation. These changes are necessary because the proposed policy of shifting funds from Basic to Targeted Grants would not leave sufficient funding in Basic Grants to meet the 100 percent "hold-harmless" requirement and provide the statutory

EDUCATION FOR THE DISADVANTAGED**Grants to local educational agencies**

minimum payment to all States. With these changes, each LEA would receive least 85 percent of its 1995 Basic Grants allocation.

No funding is requested for Education Finance Incentive Grants, a new formula included in the reauthorized Title I. This formula works against targeting by providing the highest funding increases to low-poverty areas, and below-average increases to the poorest areas.

The request also includes appropriations language earmarking up to \$3.5 million from Basic Grants for an initial payment to the Census Bureau for development of a methodology for updating LEA-level 1990 census data on the number of children aged 5-17 living in poverty. The updated data are needed to comply with a statutory mandate for the Department to allocate funds directly to LEAs, instead of to counties, beginning in fiscal year 1999. The Bureau has not yet begun work on this complex undertaking, which is dependent on Department funding of more than \$3 million a year over four years. The Bureau's methodology, when it becomes available, must also be reviewed by the National Academy of Sciences (NAS), whose work the Department is supporting with funds from the Evaluation activity in this account. The law includes a provision permitting the Secretary and the NAS to submit a joint report to Congress in the event that, after review by the NAS, the updated LEA-level data are deemed to be "inappropriate or unreliable" for making LEA allocations.

EDUCATION FOR THE DISADVANTAGED

Grants to local educational agencies

IMPACT DATA (\$ in 000s)

	1994	1995	1996
State allocations:			
Average award	\$120,698	\$127,500	\$133,269
Largest award	\$692,878	\$721,397	\$778,448
Smallest award	\$12,989	\$15,460	\$15,712
Number of counties eligible for:			
Basic Grants	3,136	3,136	3,136
Concentration Grants	2,070	2,069	2,069
Number of schools eligible for schoolwide projects	9,300	13,500	21,900
Number of students served	6,400,000	(1)	(1)
Average Federal cost per pupil (whole dollars)	\$1,036	(1)	(1)

¹ No estimates are available for fiscal years 1995 and 1996, since the Department has no information on which to base projections. The Title I reauthorization, which makes major changes to give schools and LEAs more flexibility and also imposes new requirements, will affect number of students served and average Federal per-pupil cost. In the 1992-93 school year, approximately 6.4 million children received Title I services.

EDUCATION FOR THE DISADVANTAGED

Capital expenses for private school children

(Elementary and Secondary Education Act of 1965, Title I, Section 1120(e))

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s)

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$41,434	\$20,000	-\$21,434

PURPOSE AND METHOD OF OPERATION

The Capital Expenses program provides formula funds to State educational agencies (SEAs) to help local educational agencies (LEAs) pay for the capital costs incurred in providing Title I services for private-school students. The program was created in 1989 as a response to the 1985 Aguilar v. Felton decision that prohibits public-school employees from providing instructional services on the premises of a religious school. LEAs use funds for such costs as transporting private-school students to and from neutral classroom sites, and purchasing and leasing portable classrooms and vans.

State allocations are based on the count of private school children served by Title I in the most recent year for which satisfactory data are available. In 1992-93, about 171,000 private-school children participated in Title I programs.

Funding levels for the past five fiscal years were as follows:

	(\$ in 000s)
1991	\$36,108
1992	40,054
1993	39,734
1994	41,434
1995	41,434

Under current law, this program is forward-funded. Funds appropriated for 1996 would become available on July 1, 1996, and remain available for obligation through September 30, 1997. School districts generally would use the funds for the 1996-97 school year.

EDUCATION FOR THE DISADVANTAGED

Capital expenses for private school children

1996 BUDGET REQUEST

For 1996, the Department proposes to fund this program at \$20 million, a \$21.4 million reduction from the 1995 appropriation. The Department believes that this request, combined with reauthorization changes that target funds to States serving the highest proportions of private school children, reflects current State and local needs for funding.

Recent studies and other information provide evidence that the program's current funding level exceeds the LEAs' need for Capital Expense funds. The 1992 National Assessment of Chapter 1 indicated that only about one-quarter of the 2,050 districts serving religious school students applied for Capital Expense funds in 1991-92, and about two-thirds of districts not submitting applications reported that they had no need for funds. Also, while a few States annually request additional funds, the number of States returning all or a portion of their allocation continues to increase. Last year, 16 States turned back 15 percent of the total fiscal year 1993 Capital Expenses appropriation. The demand for program funds can be expected to decline further by fiscal year 1996, because the reauthorized program will no longer reimburse LEAs for past expenses.

IMPACT DATA (\$ in 000s)

	1994	1995	1996
No. of State awards (includes D.C. and Puerto Rico)	52	52	52
Average award	\$797	\$797	\$385
Smallest award	\$11	\$9	\$5
Largest award	\$8,906	\$8,906	\$3,900

EDUCATION FOR THE DISADVANTAGED

Even Start

(Elementary and Secondary Education Act of 1965, Title I, Part B)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$102,024	0 ¹	-\$102,024

¹ Even Start is proposed to be consolidated in 1996 with Adult Education and Family Literacy programs in the Vocational and Adult Education account.

PURPOSE AND METHOD OF OPERATION

The Even Start program supports projects that provide educational services to low-income families, including parents eligible for services under the Adult Education Act and their children from birth through age 7. The program is designed to help young children achieve success in school and, at the same time, bolster the literacy skills of their parents and help them reinforce their children's learning.

Funds are allocated to States by formula, based on each State's proportion of Title I Grants to Local Educational Agencies (LEAs). State educational agencies (SEAs) then make competitive grants to LEAs and other organizations. Five percent of the annual appropriation is set aside for migrant children, the Outlying Areas, and Indian tribes and tribal organizations, and up to 3 percent is reserved for evaluation and technical assistance.

This program is forward-funded. Funds appropriated for fiscal year 1996 would become available on July 1, 1996, and remain available for obligation through September 30, 1997.

Funding levels for the past five fiscal years are as follows:

(\$ in 000s)

1991	\$49,770
1992	70,000
1993	89,123
1994	91,373
1995	102,024

1996 BUDGET REQUEST

No funds are requested under this heading. Under the Administration's fiscal year 1996 budget request, Even Start is proposed for consolidation with Adult Education and Family Literacy programs in the Vocational and Adult Education account. Combining separate

EDUCATION FOR THE DISADVANTAGED

Even Start

funding streams for adult education and family literacy programs will give States the flexibility to operate programs that address learners' needs more comprehensively and produce better results.

IMPACT DATA (\$ in 000s)

	1994	1995	1996
Evaluation and technical assistance set-aside	\$1,782	\$1,400	0
Set-aside for migrant children, Indian tribes, and the Outlying Areas	\$4,569	\$5,101	0
Amount for distribution to States	\$85,022	\$95,523	0
Average State award	\$1,635	\$1,634	0
Smallest State award	\$250	\$478	0
Largest State award	\$9,082	\$10,067	0
Reservation for State administration (5 percent)	\$4,251	\$4,776	0
New State-awarded projects			
Funding	\$10,661	\$30,707	0
Average award	\$190	\$190	0
No. of first-year projects	56	162	0
Continued LEA projects			
Funding	\$70,110	\$60,040	0
Average award	\$190	\$190	0
No. of second-year projects	167	56	0
No. of third-year projects	93	167	0
No. of fourth-year projects	109	93	0
Number of projects:			
Migrant	14	12	0
Indian tribes	9	10	0
LEA projects:			
Federally administered projects	109	0	0
State administered projects	<u>316</u>	<u>478</u>	<u>0</u>
Total	448	500	0

EDUCATION FOR THE DISADVANTAGED

State agency programs – Migrant

(Elementary and Secondary Education Act of 1965, Title I, Part C)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority \$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$305,475	\$310,000	+\$4,525

PURPOSE AND METHOD OF OPERATION

The Migrant Education program provides financial assistance to State educational agencies for education services to children of migrant agricultural workers and fishermen. Funds are allocated through a statutory formula on the basis of each State's per-pupil expenditure for education and counts of migratory children, aged 3 through 21, residing within the State. Under the reauthorization, only migratory children who have moved within the last three years are generally eligible to be counted and served by the program. The statute also authorizes the Secretary to set aside up to \$6 million from the annual appropriation for contracts and grants to improve inter- and intra-State migrant coordination activities, including credit accrual and exchange programs for migrant students.

The Department is required to consult with States receiving allocations of \$1 million or less about the cost effectiveness of operating their programs through consortium arrangements. It must also to reserve \$1.5 million a year from coordination funds for incentive grants to consortia, not less than 10 of which must be to States with small allocations.

Like other Title I programs, this program helps migrant children meet the same high standards expected of all children. Provisions in both the Grants to LEAs and Migrant portions of the statute encourage greater access for migratory children to services available under the Title I LEA Grants and other ESEA programs, so that Migrant Program resources are used for services not usually available from those programs. In a comprehensive State service delivery plan, each State is required to address how migrant activities are integrated with Title I and other Federal elementary and secondary programs.

This program is forward-funded. Funds appropriated for fiscal year 1996 would become available on July 1, 1996, and remain available for obligation through September 30, 1997.

Funding levels for the past five fiscal years are as follows:

(\$ in 000s)

1991	.....	\$294,592
1992	.....	308,298
1993	.....	302,773
1994	.....	305,193
1995	.....	305,475

EDUCATION FOR THE DISADVANTAGED

State agency programs -- Migrant

1996 BUDGET REQUEST

For 1996, the Department proposes to fund the Migrant program at \$310 million, a \$4.5 million increase over the 1995 appropriation. The increase would support implementation of reauthorization changes that require States to refocus their programs on serving the most mobile children, who often are the most costly to identify and serve.

At the 1996 request level, \$304 million would support the basic State grants program, which provides the resources for direct services to children and for State activities to ensure that migrant children have access to services under other programs. In addition, about \$6 million would support: (1) incentive grants for State consortium arrangements, and (2) intra- and inter-state coordination activities. Coordination activities under consideration include projects to: identify and recruit currently migratory children, encourage efficient records transfer, facilitate the proposed State consortium arrangements, and carry out other "networking" and training projects to serve migratory children more effectively and efficiently.

IMPACT DATA (\$ in 000s)

	1994	1995	1996
Number of FTE students counted for allocation purposes	720,000	(1)	(1)
Number served	550,000	(1)	(1)
Average Federal contribution per student (whole dollars)	\$542	(1)	(1)
SEA program	\$298,593	\$299,475	\$304,000
Coordination activities	\$3,865	\$5,985	\$5,980
Peer review of new award applications	0	\$15	\$20
Total	\$302,458 ²	\$305,475	\$310,000

¹ No estimates are computed, since the Department does not yet have information on which to base projections. Under the reauthorization, the program will count and generally serve migratory children who have moved within 36 months (instead of 72 months under the predecessor program). In the 1992-93 school year, 541,122 migratory students received services.

² Adjusted for comparability. Excludes \$2,735,000 for Migrant Program Coordination Centers, which were consolidated in 1995 with other ESEA technical assistance activities under the School Improvement Programs account.

EDUCATION FOR THE DISADVANTAGED

State agency programs -- Neglected and delinquent

(Elementary and Secondary Education Act of 1965, Title I, Part D, Subpart 1)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$39,311	\$40,000	+\$689

PURPOSE AND METHOD OF OPERATION

This program provides financial assistance to State educational agencies for education services to neglected and delinquent (N and D) children and youth (under age 21) in State-run institutions for juveniles and in adult correctional institutions. Funds are allocated to individual States through a formula based on the number of children in State-operated institutions and per-pupil education expenditures for the State.

To be eligible for State N and D funds, State neglected and delinquent institutions must provide 20 hours of instruction from non-Federal funds; adult corrections institutions must provide 15 hours a week. Adult institutions must also give priority for services to youth who are likely to be released within a 2-year period.

Like other reauthorized Title I programs, this program requires institutions to match their programs to the same challenging State standards established for all children. All juvenile facilities may now operate institutionwide education programs that permit Title I funds to be used in combination with other available Federal and State funds. States may reserve not more than 10 percent of their allocation for projects to help N and D participants make the transition of children from State-operated institutions to locally operated programs.

This program is forward-funded. Funds appropriated for fiscal year 1996 become available on July 1, 1996, and remain available for obligation through September 30, 1997.

Funding levels for the past five fiscal years are as follows:

(\$ in 000s)

1991	36,108
1992	36,054
1993	35,407
1994	35,407
1995	39,311

EDUCATION FOR THE DISADVANTAGED

State agency programs – Neglected and delinquent

1996 BUDGET REQUEST

For 1996, the Department proposes \$40 million, a \$.7 million (1.8 percent) increase over the 1995 appropriation level. The increase would maintain services to an especially needy, and growing, population of children who generally have experienced failure in school before entering the program, and need skills that will help them reenter school or find a job once they are released from State institutions. The increase would also help States implement institutionwide programs that allow Title I funds to be used in combination with other Federal, State, and local funds. The institutionwide feature, along with increased funding, will allow juvenile institutions to serve a larger proportion of their eligible population while instituting reforms to provide higher-quality education tailored to participants' educational and job needs.

While the number of school-aged children entering State facilities has increased steadily since the mid-1970s, the proportion of children served by this program has decreased. A 1992 evaluation of the program indicated that, as of 1989, only about half of the eligible population in funded juvenile institutions received services, compared to two-thirds a decade earlier in a larger number of institutions. These findings support continued operation of the program as well as the Administration's request for a higher appropriation.

IMPACT DATA (\$ in 000s)

	1994	1995	1996
No. of States served (including D.C. and Puerto Rico)	52	52	52
Average State award	\$681	\$756	\$699
Largest State award	\$4,170	\$4,524	\$4,603
Minimum State award	\$25	\$28	\$28
Number of participating institutions	400	400	400
Estimated number of students served ¹	64,400	65,000	67,000
Average Federal contribution per child	\$550	\$600	\$600

¹ Estimates are based on the actual number of N and D students served in the 1992-93 school year and projected forward.

EDUCATION FOR THE DISADVANTAGED

State school improvement grants

(Elementary and Secondary Education Act of 1965, Title I, Part A, Sections 1116 and 1117)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$27,560	\$35,146	+\$7,586

PURPOSE AND METHOD OF OPERATION

This program provides funds to help State educational agencies (SEAs) establish State Title I systems and strategies to stimulate school-based change and hold LEAs accountable for making significant progress toward State standards. At a minimum, each State is required to:

- o Establish a system of school support teams, in consultation with LEAs and schools, to serve as mentors for the lowest-achieving Title I schools and for schoolwide programs;
- o Create a system to identify distinguished schools that, for three consecutive years, exceed State standards and benchmarks for progress; and
- o Identify distinguished educators, especially from schools identified as successful, that would provide assistance to schoolwide programs as well as to the lowest-achieving LEAs and schools.

State formula allocations are based on each State's proportionate share of Title I Grants to Local Educational Agencies. In addition, to supplement these formula funds, each State is permitted to reserve, for school improvement, up to 0.5 of 1 percent of its total combined State allocation for LEA Grants and the State Migrant and Neglected and Delinquent programs. From the reservation and the direct appropriation combined, each State must spend at least \$200,000 on school improvement activities, and each Outlying Area must spend at least \$25,000.

Under the reauthorized Title I, SEAs use the results of State assessments to hold LEAs accountable for the progress their schools and children make toward meeting State performance standards. SEAs identify LEAs failing to make adequate progress for improvement and provide them with technical assistance. If an LEA fails to show progress in educating children to State standards after three years, the SEA is required to take corrective actions, through such means as placing the LEA in receivership, removing schools from the jurisdiction of the LEA, or abolishing the LEA. Individual schools are to be held accountable by their LEAs through a similar process.

EDUCATION FOR THE DISADVANTAGED

State school improvement grants

This program is forward-funded. Funds appropriated for fiscal year 1996 would become available on July 1, 1996, and remain available for obligation through September 30, 1997.

Funding levels for the past five fiscal years are as follows:

	(\$ in 000s)
1991	\$14,785
1992	25,125
1993	25,933
1994	25,933
1995	27,560

1996 BUDGET REQUEST

For 1996, the Department requests \$35.1 million, an increase of \$7.6 million over the 1995 appropriation level. Under the reauthorized program, SEAs have significant new responsibilities to stimulate school-based change and to hold LEAs accountable for helping schools make adequate progress toward State standards. For example, SEAs are required to recognize schools and educators and operate State school support teams that will help schools plan and implement schoolwide programs. The increase will support implementation of the required new statewide mechanisms and strategies that will allow States to support improvement in all schools and LEAs, recognize and reward exemplary performance of schools and LEAs that meet or exceed State standards, and also take corrective actions against failing LEAs.

IMPACT DATA (\$ in 000s)

	1994	1995	1996
No. of States receiving grants (includes D.C. and Puerto Rico)	52	52	52
No. of Outlying Areas receiving grants	5	4	4
Average State award	\$499	\$530	\$676
Largest State award	\$2,866	\$2,989	\$3,936
Smallest State award	\$180	\$61 ¹	\$76 ¹

¹ In addition to funds provided by this program, each State and Outlying Area may use up to 0.5 percent of its total allocation for LEA Grants, and State Migrant and Neglected/Delinquent programs. States must spend a minimum of \$200,000 on school improvement activities, each Outlying Area must spend a minimum of \$25,000.

EDUCATION FOR THE DISADVANTAGED

Demonstrations of innovative practices

(Elementary and Secondary Education Act of 1965, Title I, Part E, Section 1502)

1996 Authorization (\$ in 000s) Indefinite

Budget authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
0	\$25,146	+\$25,146

PURPOSE AND METHOD OF OPERATION

The Title I Demonstrations of Innovative Practices program is authorized to fund and evaluate innovative methods of educating children served by Title I. The program provides discretionary grants to selected sites to design and implement innovative strategies and practices that show the most promise of helping Title I children achieve to high standards. Demonstration projects emphasize activities designed to raise the performance of Title I children, such as district- and school-level management of instructional and teaching reforms; well-designed, intensive professional development; performance-based assessment; teaching and learning strategies for the lowest-achieving children and for migratory and neglected and delinquent populations; parent-school partnerships; integration of education, health, and social services; and school-to-work linkages. All demonstrations must be rigorously evaluated to produce reliable evidence of effectiveness, and supported with dissemination efforts that channel early findings to Title I schools for use in their own reforms.

Funding levels for the past 5 fiscal years were as follows:

	(\$ in 000s)
1991	0 ¹
1992	0 ¹
1993	0 ¹
1994	0 ¹
1995	0

¹ This program was not authorized prior to 1995.

1996 BUDGET REQUEST

The 1996 request includes \$25.1 million to initiate vital demonstrations that will help create the capacity for high-performance teaching and learning in districts and schools with high concentrations of disadvantaged children. Demonstrations carried out under this authority will be an integral part of the Department's effort to use the Title I program to promote attainment of high standards by all students. Few good models currently exist showing how

EDUCATION FOR THE DISADVANTAGED

Demonstrations of innovative practices

1996 BUDGET REQUEST — Continued

schools can design and implement curriculum, teaching, and assessment reforms that stress high standards, and how such reforms can help low-achieving children meet those standards. Although Title I research and evaluation studies have been able to shed light on the value of prominent school restructuring models and strategies for educating the populations served by Title I, demonstrations would extend the impact of those studies.

As a preliminary plan, the Department would concentrate on a relatively small number of projects that demonstrate the greatest potential to improve the operation of Title I programs. Some demonstrations would test approaches already identified in research studies and in the Title I legislation as having the most potential for helping all low-achieving children, including extended-time strategies, accelerated curriculum, schoolwide approaches, and strategies to manage for continuous progress. Other demonstrations would design and test new ideas to address needs of specific populations, including neglected and delinquent youth, highly mobile populations, and secondary-school students. All projects would be designed to facilitate systemic improvements, rather than improvements in discrete content areas and in isolated schools. While some projects could be expected to demonstrate the cumulative effects of attaining challenging performance goals over a long period (e.g., five years), other projects would operate demonstrations with more limited objectives within a shorter time frame.

IMPACT DATA (\$ in 000s)

	1994	1995	1996
Total number of first-year awards	—	—	50
Total funds for awards			\$22,500
Range of awards	—	—	\$250 - \$1,000
Evaluation			\$2,300
Dissemination	—	—	\$300
Peer review of new award applications	—	—	\$46

EDUCATION FOR THE DISADVANTAGED

Evaluation

(Elementary and Secondary Education Act of 1965, Title I, Part E, Section 1501)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$8,270	\$11,000	+\$2,730

PURPOSE AND METHOD OF OPERATION

Title I Evaluation supports large-scale national evaluations that examine how Title I is contributing to improved student performance at the State, LEA, and school levels; short-term studies that document promising approaches or models; and other activities to help States and LEAs implement requirements in the Title I statute.

Major evaluation activities mandated by the statute include two national assessments of the effectiveness of Title I that involve a series of sub-studies to track and evaluate the progress that schools, LEAs, and States towards helping Title I children attain challenging standards for all students; a study (conducted by the National Academy of Sciences) to examine intercensal poverty data, being developed by the Bureau of the Census, for small geographic areas and certain age cohorts; and studies on parent involvement and how schoolwide programs are meeting the needs of children from migratory families. The law also gives the Department broad authority to collect State, local, and school-level data, and continue support for the ongoing longitudinal study of Title I (Prospects).

Funding levels for the past five fiscal years are as follows:

	(\$ in 000s)
1991	\$13,175
1992	15,088
1993	14,036
1994	13,100
1995	8,270

EDUCATION FOR THE DISADVANTAGED

Evaluation

1996 BUDGET REQUEST

For 1996, the Department proposes \$11 million for Evaluation, a \$2.7 million increase over the 1995 appropriation level. The request would support new and continued studies under the reauthorized Title I program. Specifically, in 1996, funds would be used for:

- o Data analysis and writing required to complete the final report of the Longitudinal Study of Title I (Prospects), which is due to Congress on January 1, 1997.
- o Design and implementation of a mandated, new National Evaluation of Title I that will track cohorts of students in schools for at least three years in order to assess the Title I program's effectiveness in leveraging improvements in curriculum, instruction, and student progress.
- o Initial studies, as part of the new National Assessment of Title I, that focus on how well schools, LEAs, and States are implementing new provisions for standards, enriched and accelerated educational programs, schoolwide programs, accountability, professional development, coordination of services, and parent involvement.
- o An information system to continue collection and analysis of benchmark implementation and performance data from schools, districts, States, and the Federal level that will be used to help measure the impact of changes in the reauthorized Title I programs, including the Migrant and Neglected and Delinquent programs.
- o The first year of a mandated study on how schoolwide programs are meeting the needs of children from migratory families, which requires oversampling of schoolwide programs serving migrant children to address issues of how these children are educated.
- o A 1-year mandated study to identify and describe barriers to, and successful practices for, parent involvement, which will be conducted through the new Institute on the Evaluation of At-Risk Students in the Office of Educational Research and Improvement.
- o The second year of a mandated 5-year study, conducted by the National Academy of Sciences, of options for updating intercensal poverty data for small areas, including a review of the Census Bureau's methodology and estimates for updating LEA-level census poverty data.
- o Data analysis, dissemination, and other activities, including the development of "practitioner idea books," that will help States and localities raise the quality of Title I programs.

EDUCATION FOR THE DISADVANTAGED

Evaluation

IMPACT DATA (\$ in 000s)

	1994	1995	1996
Activity funding levels:			
Longitudinal evaluations:			
Prospects	\$6,600	\$3,485	\$1,000
National Evaluation of Schools	0	1,000	5,000
National Assessment of Title I	0	1,025	3,350
National Academy of Sciences	0	600	650
Data analysis and other activities	<u>1,387</u>	<u>2,160</u>	<u>1,000</u>
Total	7,987 ¹	8,270	11,000

¹ Excludes \$5,113,000 for Chapter 1 technical assistance activities that were consolidated in 1995 with other ESEA technical assistance activities under the School Improvement Programs account.

EDUCATION FOR THE DISADVANTAGED

Migrant education: High School equivalency program and College assistance migrant program

(Higher Education Act of 1965, Title IV, Part A, Subpart 5, Sec. 418A)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

	1995	1996	Change
High school equivalency program	\$8,088	0	-\$8,088
College assistance migrant program	<u>2,204</u>	<u>0</u>	<u>-2,204</u>
Total	10,292	0	-10,292

PURPOSE AND METHOD OF OPERATION

These two programs provide 5-year grants, most recently recompeted in fiscal year 1993, to institutions of higher education and other public and private nonprofit organizations to support special educational programs designed for students who are engaged, or whose families are engaged, in migrant and other seasonal farmwork.

Projects funded under the High School Equivalency Program (HEP) recruit migrant students aged 16 and over and provide academic and support services (including counseling, health services, stipends, and placement) to help those students obtain a high school equivalency certificate and subsequently to gain employment or admission to a postsecondary institution or training program. Projects funded by the College Assistance Migrant Program (CAMP) provide tutoring and counseling services, as well as stipends, tuition, and room and board to first-year, undergraduate migrant students and assist those students in obtaining student financial aid for their remaining undergraduate years. In making awards under both programs, the Secretary must give special consideration to applicants' prior experience in operating HEP and CAMP projects.

Funding levels for the past five fiscal years are as follows:

	<u>HEP</u>	<u>CAMP</u>
	(\$ in 000s)	(\$ in 000s)
1991	\$7,807	\$1,952
1992	8,310	2,265
1993	8,161	2,224
1994	8,161	2,224
1995	8,088	2,204

EDUCATION FOR THE DISADVANTAGED

Migrant education: High School equivalency program and College assistance migrant program

1996 BUDGET REQUEST

The Department requests no funds for HEP and CAMP in 1996. These programs have long since met their objectives as demonstration programs, they benefit only a few participants and incumbent grantees, and the eligible populations can be served by a range of other, less costly, programs.

Since 1977, three separate studies have evaluated the programs, each concluding that they serve a limited number of students at high costs. In terms of costs and benefits, HEP and CAMP continue to yield limited results.

- o Like the HEP program, Adult Education State programs provide services to help adults earn a high-school equivalency certificate or gain literacy skills needed to enter the job market, but they do so at a much lower cost per student. In 1994, the \$254.6 million appropriated for the State-operated Adult Education program will serve almost 4 million students per year, with a Federal contribution of roughly \$64 per student. In comparison, HEP programs annually serve about 3,000 students at a Federal cost of \$2,700 per student.
- o At the higher education level, the TRIO Student Support Services program provides services that are similar to those provided by CAMP. In 1994, this program served about 165,000 students, at an average Federal cost per participant of \$858. For the past 10 years the 6 CAMP grantees have served fewer than 400 students a year; in 1994, the average cost was more than \$6,000 per student.

The underlying assumption behind these programs, which were created in the 1960s, was that, with sufficient opportunity to develop adequate basic skills in reading, mathematics, and English and other support services, migrant farmworker participants would complete additional schooling and be positioned to compete in the job market. As demonstration programs, HEP and CAMP have long since accomplished those objectives. Also, the Higher Education Amendments of 1992 diluted the original thrust of the program by making eligible for participation individuals who have been out of the migrant stream for many years.

EDUCATION FOR THE DISADVANTAGED

Migrant education: High School equivalency program and College assistance migrant program

IMPACT DATA (\$ in 000s)

	1994	1995	1996
HEP:			
Number of students served	3,050	3,050	—
Number of awards	20	20	—
Average Federal contribution per student	\$2,675	\$2,675	—
CAMP:			
Number of students served	360	360	—
Number of awards	6	6	—
Average Federal contribution per student	\$6,177	\$6,177	—

EDUCATION FOR THE DISADVANTAGED

Grants to Local Educational Agencies

State or Outlying Area	1994 Appro. for 1995	1995 Estimate for 1996	1996 Request for 1997
Alabama	\$116,682,142	\$123,732,572	\$128,495,396
Alaska	11,894,927	14,770,672	15,010,770
Arizona	91,158,349	96,726,777	102,893,309
Arkansas	69,998,259	74,150,206	77,236,439
California	692,877,961	721,396,719	778,448,096
Colorado	63,027,310	64,605,616	65,859,126
Connecticut	49,306,485	51,292,660	52,706,884
Delaware	12,668,841	15,265,862	15,514,848
Florida	262,500,287	274,381,547	285,287,402
Georgia	152,854,913	164,943,576	170,360,171
Hawaii	17,421,979	19,026,360	19,500,097
Idaho	20,276,155	21,660,038	21,824,499
Illinois	289,482,784	311,579,391	333,430,119
Indiana	98,118,023	107,151,761	107,907,025
Iowa	47,177,518	50,166,643	49,665,604
Kansas	45,681,018	51,507,676	51,680,548
Kentucky	115,497,320	123,065,192	128,428,127
Louisiana	175,810,618	186,917,028	199,089,286
Maine	24,130,269	25,213,211	24,963,697
Maryland	80,213,972	84,423,164	87,014,833
Massachusetts	113,266,904	118,789,733	122,546,049
Michigan	278,141,539	298,430,587	312,297,881
Minnesota	76,413,209	81,304,396	82,037,267
Mississippi	115,920,476	122,994,956	131,773,369
Missouri	108,170,108	112,876,521	116,558,750
Montana	24,119,100	24,840,079	25,066,744
Nebraska	28,390,206	27,219,837	27,155,190
Nevada	16,982,188	18,244,817	18,790,470
New Hampshire	13,449,726	15,709,096	15,967,314
New Jersey	143,891,182	137,935,660	141,194,180
New Mexico	54,921,825	58,386,937	61,499,536
New York	578,013,512	606,506,006	648,184,471
North Carolina	119,793,173	127,091,597	128,509,622
North Dakota	15,690,804	16,578,431	16,840,343
Ohio	274,267,585	296,717,474	305,874,866
Oklahoma	77,675,938	82,625,604	85,036,956
Oregon	58,894,852	65,143,184	65,561,618
Pennsylvania	282,651,445	299,767,197	309,511,328
Rhode Island	20,321,066	20,855,985	21,243,403
South Carolina	84,680,059	90,378,802	92,883,785
South Dakota	18,080,672	18,676,245	19,244,632
Tennessee	114,177,576	120,019,426	123,366,092
Texas	550,652,663	571,285,609	608,730,572
Utah	29,710,463	31,949,487	32,489,650
Vermont	11,806,424	14,700,054	14,940,560
Virginia	96,414,473	97,786,690	98,453,207
Washington	87,699,834	97,353,655	99,390,725
West Virginia	61,499,161	69,203,765	71,618,294
Wisconsin	110,482,229	121,087,393	123,564,219
Wyoming	12,988,998	15,460,193	15,712,381
District of Columbia	20,313,053	19,546,958	20,315,511
Puerto Rico	240,062,121	249,929,397	258,324,739
American Samoa	4,457,141	4,976,356	5,218,531
Guam	4,328,319	4,842,769	5,078,443
Northern Marianas	2,368,966	2,360,100	2,474,955
Palau	1,601,708	0	0
Virgin Islands	7,591,179	8,475,480	8,887,941
Bureau of Indian Affairs	35,514,073	41,328,073	43,340,130
PREL set-aside	3,816,920	5,000,000	5,000,000
TOTAL	6,336,000,000	6,698,356,000	7,000,000,000

EDUCATION FOR THE DISADVANTAGED

Capital Expenses for Private School Children

State or Outlying Area	1994 Appro. for 1995	1995 Estimate for 1995	1996 Request for 1997
Alabama	\$175,138	\$172,833	\$83,426
Alaska	25,597	9,211	4,446
Arizona	233,068	266,400	128,590
Arkansas	128,659	85,568	41,303
California	4,626,780	6,203,307	2,994,308
Colorado	148,643	148,350	71,608
Connecticut	703,919	498,621	240,682
Delaware	132,027	234,160	113,028
Florida	672,484	718,237	346,690
Georgia	243,172	105,202	50,781
Hawaii	44,458	34,179	16,498
Idaho	36,599	40,239	19,423
Illinois	1,528,863	1,689,299	815,417
Indiana	821,576	442,383	213,537
Iowa	517,105	447,959	216,228
Kansas	292,570	169,197	81,670
Kentucky	681,690	373,299	180,190
Louisiana	1,350,806	1,274,792	615,336
Maine	149,541	40,966	19,774
Maryland	412,921	557,040	268,881
Massachusetts	1,531,108	1,062,448	512,839
Michigan	856,154	808,168	390,099
Minnesota	1,190,488	809,865	390,918
Mississippi	448,173	460,564	222,312
Missouri	902,858	1,019,785	492,245
Montana	60,176	32,482	15,679
Nebraska	348,479	468,320	226,056
Nevada	25,373	20,847	10,063
New Hampshire	122,821	58,661	28,316
New Jersey	2,685,895	2,049,751	989,405
New Mexico	274,832	226,343	110,220
New York	8,905,755	8,062,530	3,891,746
North Carolina	101,939	94,294	45,515
North Dakota	110,247	94,294	45,515
Ohio	1,330,373	1,687,360	814,481
Oklahoma	80,384	89,931	43,409
Oregon	139,212	139,623	67,396
Pennsylvania	4,641,885	4,969,724	2,398,863
Rhode Island	162,339	272,702	131,632
South Carolina	56,238	23,028	11,116
South Dakota	179,628	79,023	38,144
Tennessee	103,286	114,899	55,461
Texas	1,127,618	1,270,913	613,464
Utah	21,106	32,239	15,562
Vermont	73,648	27,634	13,339
Virginia	134,721	175,984	84,947
Washington	244,295	176,953	85,415
West Virginia	63,768	52,601	25,390
Wisconsin	693,815	648,667	313,109
Wyoming	10,778	11,878	5,733
District of Columbia	126,863	218,889	105,657
Puerto Rico	<u>1,544,131</u>	<u>2,660,361</u>	<u>1,284,144</u>
TOTAL	41,434,000	41,434,000	20,000,000

EDUCATION FOR THE DISADVANTAGED

Even Start

State or Outlying Area	1994 Appro. for 1995	1995 Estimate for 1996	1996 Request for 1997
Alabama	\$1,527,876	\$1,714,410	0
Alaska	250,000	477,614	0
Arizona	1,182,567	1,342,041	0
Arkansas	918,343	1,027,159	0
California	9,081,767	10,067,397	0
Colorado	864,356	895,965	0
Connecticut	692,395	716,607	0
Delaware	250,000	477,614	0
Florida	3,487,724	3,806,403	0
Georgia	2,032,985	2,283,688	0
Hawaii	321,276	477,614	0
Idaho	425,109	477,614	0
Illinois	3,856,138	4,334,525	0
Indiana	1,358,392	1,488,720	0
Iowa	670,265	700,326	0
Kansas	635,751	715,024	0
Kentucky	1,514,292	1,707,950	0
Louisiana	2,280,149	2,603,906	0
Maine	412,677	477,614	0
Maryland	1,112,023	1,175,824	0
Massachusetts	1,555,133	1,658,328	0
Michigan	3,717,465	4,140,400	0
Minnesota	1,063,833	1,136,169	0
Mississippi	1,508,598	1,708,185	0
Missouri	1,447,232	1,575,920	0
Montana	425,109	477,614	0
Nebraska	425,109	477,614	0
Nevada	358,694	477,614	0
New Hampshire	250,000	477,614	0
New Jersey	1,991,192	1,936,900	0
New Mexico	712,473	811,027	0
New York	7,692,364	8,503,443	0
North Carolina	1,652,088	1,759,801	0
North Dakota	302,795	477,614	0
Ohio	3,644,912	4,128,862	0
Oklahoma	1,019,911	1,144,489	0
Oregon	814,585	903,282	0
Pennsylvania	3,831,736	4,216,475	0
Rhode Island	301,204	477,614	0
South Carolina	1,131,619	1,250,840	0
South Dakota	406,930	477,614	0
Tennessee	1,494,426	1,662,232	0
Texas	7,196,995	7,922,146	0
Utah	425,109	477,614	0
Vermont	250,000	477,614	0
Virginia	1,330,212	1,355,455	0
Washington	1,208,007	1,349,477	0
West Virginia	803,991	958,262	0
Wisconsin	1,540,426	1,684,394	0
Wyoming	250,000	477,614	0
District of Columbia	278,243	477,614	0
Puerto Rico	3,117,414	3,494,944	0
Set-aside for migrant children, Indian tribes, and Outlying Areas	4,568,650	5,101,200	0
Evaluation and technical assistance	<u>1,782,460</u>	<u>1,400,000</u>	<u>0</u>
TOTAL	91,373,000	102,024,000	0

EDUCATION FOR THE DISADVANTAGED

State Agency Programs - Migrant

State or Outlying Area	1994 Appro. for 1995	1995 Estimate for 1996	1996 Request for 1997
Alabama	\$2,139,109	\$2,152,262	\$2,184,782
Alaska	10,743,305	13,938,869	14,149,482
Arizona	6,744,258	7,119,565	7,227,140
Arkansas	3,461,808	3,424,236	3,475,980
California	101,640,861	89,971,624	91,331,075
Colorado	3,124,700	3,354,808	3,405,498
Connecticut	2,313,227	1,967,784	1,997,517
Delaware	386,394	332,584	337,609
Florida	19,939,165	22,372,441	22,710,484
Georgia	3,698,573	4,535,652	4,604,185
Hawaii	0	0	0
Idaho	4,174,799	4,555,010	4,623,835
Illinois	1,555,060	1,668,801	1,694,016
Indiana	2,075,103	2,662,739	2,702,972
Iowa	252,440	286,126	290,449
Kansas	5,121,730	5,670,943	5,756,629
Kentucky	6,119,913	6,279,835	6,374,721
Louisiana	2,310,629	1,840,215	1,868,020
Maine	3,422,970	3,456,796	3,509,028
Maryland	223,941	266,846	270,878
Massachusetts	4,200,940	4,075,858	4,137,444
Michigan	11,257,927	12,634,648	12,825,554
Minnesota	1,793,740	2,451,628	2,488,672
Mississippi	1,695,353	1,424,450	1,445,973
Missouri	676,384	747,682	758,979
Montana	305,801	424,407	430,819
Nebraska	1,689,111	1,901,890	1,930,627
Nevada	617,338	519,118	526,962
New Hampshire	75,911	50,887	51,656
New Jersey	1,059,114	960,995	975,515
New Mexico	1,555,696	1,450,456	1,472,372
New York	6,442,269	5,810,130	5,897,920
North Carolina	3,919,007	4,431,523	4,498,482
North Dakota	429,982	618,946	628,298
Ohio	1,470,057	1,913,097	1,942,003
Oklahoma	1,158,915	1,376,325	1,397,121
Oregon	10,162,410	11,701,378	11,878,183
Pennsylvania	4,993,889	4,890,212	4,964,102
Rhode Island	200,059	120,712	122,536
South Carolina	254,229	360,962	366,417
South Dakota	597,017	542,382	550,577
Tennessee	151,027	153,359	155,676
Texas	43,059,916	43,648,046	44,307,559
Utah	1,062,960	1,085,196	1,101,593
Vermont	1,129,247	1,048,035	1,063,871
Virginia	472,992	627,019	636,493
Washington	12,276,230	13,286,389	13,487,143
West Virginia	58,310	74,229	75,350
Wisconsin	582,429	736,494	747,622
Wyoming	166,123	215,564	218,821
District of Columbia	191,519	165,991	168,499
Puerto Rico	5,439,113	4,169,856	4,232,861
Migrant Coordination	3,865,000	6,000,000	6,000,000
TOTAL	302,458,000	305,475,000	310,000,000

EDUCATION FOR THE DISADVANTAGED

State Agency Programs - Neglected and Delinquent

State or Outlying Area	1994 Appro. for 1995	1995 Estimate for 1996	1996 Request for 1997
Alabama	\$433,646	\$480,773	\$489,199
Alaska	149,390	165,625	168,528
Arizona	400,252	442,867	450,629
Arkansas	282,700	313,423	318,916
California	4,169,869	4,524,054	4,803,347
Colorado	208,084	221,313	225,192
Connecticut	535,315	593,490	603,892
Delaware	94,745	105,090	106,932
Florida	688,213	749,032	762,160
Georgia	537,494	611,704	622,426
Hawaii	48,902	55,545	56,519
Idaho	94,925	105,241	107,086
Illinois	1,249,163	1,398,475	1,422,986
Indiana	657,370	747,000	760,092
Iowa	312,203	347,034	353,117
Kansas	606,713	712,764	725,256
Kentucky	654,178	727,364	740,112
Louisiana	675,368	748,764	761,887
Maine	207,116	237,034	241,189
Maryland	1,052,733	1,167,140	1,187,596
Massachusetts	738,286	822,087	836,496
Michigan	1,094,858	1,223,247	1,244,687
Minnesota	218,085	240,985	245,209
Mississippi	418,085	463,520	471,644
Missouri	59,510	607,900	618,555
Montana	90,047	97,115	98,817
Nebraska	188,333	187,102	190,382
Nevada	199,550	221,050	224,924
New Hampshire	186,962	197,170	200,626
New Jersey	1,752,221	1,942,645	1,976,693
New Mexico	240,684	266,841	271,517
New York	3,579,916	3,968,965	4,038,528
North Carolina	904,752	1,018,662	1,036,516
North Dakota	24,898	27,604	28,088
Ohio	2,661,851	2,996,850	3,049,375
Oklahoma	199,187	220,834	224,704
Oregon	731,462	838,277	852,970
Pennsylvania	855,881	948,894	965,525
Rhode Island	260,655	288,981	294,046
South Carolina	1,124,576	1,252,308	1,274,257
South Dakota	88,182	97,765	99,478
Tennessee	708,047	784,994	798,753
Texas	1,555,967	1,682,451	1,711,940
Utah	179,894	198,555	203,053
Vermont	105,040	116,455	118,496
Virginia	761,828	838,067	852,756
Washington	1,041,359	1,197,760	1,218,753
West Virginia	252,181	296,057	301,246
Wisconsin	705,339	801,918	815,973
Wyoming	111,842	120,617	122,731
District of Columbia	547,764	607,292	617,936
Puerto Rico	261,279	283,300	288,265
TOTAL	35,407,000	39,311,000	40,000,000

EDUCATION FOR THE DISADVANTAGED

State School Improvement Grants

State or Outlying Area	1994 Appro. for 1995	1995 Estimate for 1996	1996 Request for 1997
Alabama	\$427,350	\$512,636	\$649,664
Alaska	180,000	61,196	75,934
Arizona	352,738	400,749	520,222
Arkansas	266,900	307,212	390,504
California	2,866,089	2,988,817	3,935,782
Colorado	242,031	267,667	333,003
Connecticut	200,131	212,511	266,482
Delaware	180,000	63,248	78,442
Florida	1,033,702	1,136,790	1,442,394
Georgia	562,939	683,377	861,330
Hawaii	180,000	78,828	98,591
Idaho	180,000	89,740	110,365
Illinois	1,112,474	1,290,904	1,685,802
Indiana	373,021	443,840	545,571
Iowa	180,000	207,845	251,105
Kansas	187,973	213,401	261,293
Kentucky	439,100	509,871	649,325
Louisiana	643,841	774,416	1,006,582
Maine	180,000	104,461	126,215
Maryland	299,708	349,773	439,941
Massachusetts	463,652	492,157	619,585
Michigan	1,062,519	1,236,427	1,578,957
Minnesota	287,444	336,852	414,774
Mississippi	422,731	509,580	666,239
Missouri	397,502	467,658	589,316
Montana	180,000	102,915	126,735
Nebraska	180,000	112,774	137,295
Nevada	180,000	75,590	95,003
New Hampshire	180,000	65,084	80,730
New Jersey	539,564	571,481	713,868
New Mexico	203,284	241,903	310,937
New York	2,157,531	2,512,814	3,277,178
North Carolina	445,801	526,553	649,736
North Dakota	180,000	68,686	85,144
Ohio	1,003,136	1,229,330	1,546,481
Oklahoma	283,935	342,326	429,942
Oregon	265,886	269,895	331,475
Pennsylvania	1,084,325	1,241,965	1,564,867
Rhode Island	180,000	86,408	107,405
South Carolina	308,968	374,448	469,615
South Dakota	180,000	77,378	97,300
Tennessee	414,005	497,252	623,733
Texas	2,142,678	2,366,892	3,077,721
Utah	180,000	132,370	164,266
Vermont	180,000	60,904	75,539
Virginia	353,195	405,140	497,773
Washington	386,888	403,346	502,513
West Virginia	222,937	286,718	362,098
Wisconsin	408,372	501,677	624,732
Wyoming	180,000	64,053	79,441
District of Columbia	180,000	80,985	102,714
Puerto Rico	880,650	1,035,482	1,306,073
American Samoa	30,000	20,618	25,743
Guam	30,000	20,064	24,999
Northern Marianas	30,000	9,778	13,682
Palau	30,000	0	0
Virgin Islands	30,000	35,115	43,844
TOTAL	25,933,000	27,560,000	35,146,000

Department of Education

IMPACT AID

Fiscal Year 1996 Budget Request

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IMPACT AID

For carrying out programs of financial assistance to federally affected schools authorized by Title VIII of the (Improving America's Schools Act as enacted into law, \$728,000,000 of which \$40,000,000, to remain available until expended, shall be for payments for heavily impacted districts under section 8004(f), 9004(f), or the relevant citation which may be designated in the Act: Provided, That should the Improving America's Schools Act not be enacted into law for fiscal year 1995 funds for impact aid shall be made available under the provisions of Public Laws 81-815 and 81-874 with amounts allocated proportionately and under the same timeframes as provided in fiscal year 1994.)¹ Elementary and Secondary Education Act of 1965, \$650,000,000, of which \$581,000,000 shall be for basic support payments under section 8003(b),² \$40,000,000 shall be for payments for children with disabilities under section 8003(d), \$20,000,000, to remain available until expended, shall be for payments under section 8003(f),³ \$2,000,000 shall be for payments for increases in military dependents under section 8006, \$5,000,000 shall be for construction under section 8007, and \$2,000,000, to remain available until expended, shall be for facilities maintenance under section 8008.⁴ (Department of Education Appropriations Act, 1995.)

NOTES

This language supports the budget proposal without accounting for the President's Reinventing Government (REGO) legislation, i.e., this language does not reflect the proposed limitation of Impact Aid payments to those on behalf of children living on Indian lands and children of members of the uniformed services who live on Federal property

Each language provision that is followed by a footnote reference is explained in the Analysis of Language Provisions and Changes document, which follows the appropriation language

IMPACT AID

Analysis of Language Provisions and Changes

Language Provision	Explanation
<i>'[Provided, That should the Improving America's Schools Act not be enacted into law for fiscal year 1995 funds for impact aid shall be made available under the provisions of Public Laws 81-815 and 81-874 with amounts allocated proportionately and under the same timeframes as provided in fiscal year 1994.]</i>	This language would have ensured that appropriations for Impact Aid were spent under the expired authorities had the new authorization not been enacted for fiscal year 1995. Since the new authority was enacted, this language had no effect and is unnecessary.
²<u>...Elementary and Secondary Education Act of 1965, \$650,000,000, of which \$581,000,000 shall be for basic support payments under section 8003(b),...</u>	This language provides a specific amount for basic support payments under section 8003(b). The authorization specifies that, of the amount provided for sections 8003(b) and 8003(f), six percent shall be for payments to heavily impacted districts under section 8003(f). If a specific earmark were not provided, the set-aside in the statute would control the amounts available for each section.
³<u>...\$20,000,000, to remain available until expended, shall be for payments under section 8003(f),...</u>	This language earmarks a specific amount for payments to heavily impacted districts, and makes the funds available until expended in order to allow time to gather necessary data to determine eligibility and payments. If an earmark were not provided, the authorizing statute specifies that, of the amount appropriated for sections 8003(b) and 8003(f), six percent shall be for section 8003(f).
⁴<u>...and \$2,000,000, to remain available until expended, shall be for facilities maintenance under section 8008:...</u>	This language extends the availability of funds for the maintenance of federally owned school facilities.

IMPACT AID

Amounts Available for Obligation
(\$ in 000s)

	1994	1995	1996
<u>Current authority:</u>			
Annual appropriation	\$963,208	\$728,000	\$650,000
Proposed REGO savings	0	0	-31,000
Real transfer to Department of Housing and Urban Development	<u>-50,000</u>	<u>0</u>	<u>0</u>
Subtotal, current authority	913,208	728,000	619,000
 <u>Permanent authority:</u>			
Spending authority from offsetting collections from Federal funds:			
Department of Defense	<u>8,000</u>	<u>0</u>	<u>0</u>
Subtotal, gross budget authority	921,208	728,000	619,000
Recovery of prior-year obligations	16,275	0	0
Unobligated balance, start of year	125,893	151,660	0
Unobligated balance, end of year	<u>-151,660</u>	<u>0</u>	<u>0</u>
Total obligations	911,716 ¹	879,660	619,000

¹Includes \$8 million for reimbursable activities carried out by this account.

IMPACT AIDObligations by Object
(\$ in 000s)

	1994	1995	1996
Land and structures	\$8,584	\$28,593	\$2,000
Grants, subsidies, and contributions	<u>895,132</u>	<u>851,067</u>	<u>617,000</u>
Total	903,716	879,660	619,000

NOTE—Excludes the following obligations from permanent authority: 1994 - \$8 million.

IMPACT AIDSummary of Changes
(\$ in 000s)

1995	\$728,000
1996	<u>619,000</u>
Net change	-109,000

	<u>1995 base</u>	<u>Change from base</u>
<u>Increases:</u>		
<u>Program:</u>		
Increase for Facilities Maintenance to provide for emergency repairs of federally owned school facilities.	0	+\$2,000
Increase for payments for Increases in Military Dependents to support school districts experiencing sudden increases in enrollments due to military base consolidation.	0	+2,000
Increase for Construction to provide payments to school districts with large numbers of children living on Federal property that may be used for construction and renovation of school facilities.	0	<u>+5,000</u>
Subtotal, increases	0	+9,000
<u>Decreases:</u>		
<u>Program:</u>		
Decrease in Basic Support Payments to eliminate support for all categories of children except children living on Indian lands and children living on Federal property whose parents are serving in the uniformed services.	\$631,707	-81,707
Decrease for Payments for Heavily Impacted Districts, because fewer districts will be eligible for such payments.	40,000	-20,000

IMPACT AIDSummary of Changes -- Continued
(\$ in 000s)

	<u>1995 base</u>	<u>Change from base</u>
<u>Decreases:</u>		
<u>Program:</u>		
Decrease for Payments for Federal Property to eliminate payments that are made without regard to the presence of federally connected children.	\$16,293	<u>-\$16,293</u>
Subtotal, decreases		-118,000
Net change		-109,000

IMPACT AID

Authorizing Legislation

Activity	1995 Authorized	1995 Estimate	1996 Authorized	1996 Request
Payments for federally connected children:				
Basic support payments (ESEA-VIII-8003(b))	\$775,000,000 ¹	\$631,707,000	Indefinite ²	\$550,000,000
Payments for children with disabilities (ESEA-VIII-8003(d))	\$45,000,000	40,000,000	Indefinite	40,000,000
Payments for heavily impacted districts (ESEA-VIII-8003(f))	(1) 2,000,000	40,000,000 0	Indefinite ² Indefinite	20,000,000 2,000,000
Facilities maintenance (ESEA-VIII-8008)				
Payments for increases in military dependents (ESEA-VIII-8006)	2,000,000	0	Indefinite	2,000,000
Construction (ESEA-VIII-8007)	25,000,000	0	Indefinite	5,000,000
Payments for Federal property (ESEA-VIII-8002)	16,750,000	16,293,000	Indefinite	0
Total definite authorization	865,750,000		---	
Total appropriation		728,000,000		619,000,000

¹A total of \$775 million is authorized for sections 8003(b) and 8003(f) for fiscal year 1995, of which six percent shall be available for section 8003(f).

²Of the total amount for sections 8003(b) and 8003(f), six percent shall be for section 8003(f).

IMPACT AID

Table of Estimates and Appropriations
(\$ in 000s)

	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1987	\$548,000	\$700,000	\$650,000	\$717,500
1987 Proposed Rescission	-17,500			
1988	548,000	757,500	701,000	708,476
1989	592,000	740,000	739,036	733,096
1990	629,260	739,260	731,854	732,352
1991	660,854	800,000	800,000	780,720
1991 Sequester				-10
1992	620,130	764,756	771,708	771,698
1992 Supplemental	—	—	—	62,500
1993	532,130	763,981	759,556	770,154 ¹
1993 Supplemental	—	—	—	70,000
1994	688,800	813,074	748,368	798,208
1994 Supplemental	—	—	—	165,000 ²
1994 Supplemental	—	—	—	-50,000 ²
1995	750,000	728,000	666,880	728,000
1996	619,000			

¹Includes \$20 million provided in the FY 1992 Dire Emergency Supplemental Appropriations, which became available on March 31, 1993, pursuant to the President's request of that date.

²An amount of \$165 million was provided in a 1994 Supplemental to assist victims of the Northridge, California earthquake; a subsequent 1994 Supplemental transferred \$50 million of that amount to the Department of Housing and Urban Development for loans to repair and reconstruct residential buildings damaged by the Northridge earthquake

IMPACT AIDSignificant Items in FY 1995 Appropriations Reports**Schurz Elementary School, Walker Paiute Reservation, Nevada--Impact Aid Construction**

- Senate:** The Committee is especially concerned by the serious situation faced by the Schurz Elementary School on the Walker River Paiute Reservation in Mineral County, Nevada. The Committee directs the Secretary to make every effort to support construction of a new school on the 5-acre site donated by the Paiute Tribe. The Committee also directs the Secretary to provide any technical assistance that may be needed to secure these funds.
- Response:** The 1995 appropriation did not provide for Impact Aid construction. Therefore, no assistance is available under this authority.

IMPACT AID

Summary of Request
(\$ in 000s)

	1995	1996	Change
Payments for federally connected children:			
Basic support payments	\$631,707	\$550,000	-\$81,707
Payments for children with disabilities	40,000	40,000	0
Payments for heavily impacted districts	<u>40,000</u>	<u>20,000</u>	<u>-20,000</u>
Subtotal	711,707	610,000	-101,707
Facilities maintenance	0	2,000	+2,000
Payments for increases in in military dependents	0	2,000	+2,000
Construction	0	5,000	+5,000
Payments for federal property	<u>16,293</u>	<u>0</u>	<u>-16,293</u>
Total	728,000	619,000	-109,000

The Impact Aid program provides financial assistance to school districts affected by Federal activities. The presence of certain children living on Federal property across the country places a burden on the LEAs that educate these children; because the property on which the children live is exempt from local property taxes, LEAs are denied access to the primary source of revenue that is traditionally used to finance education and must provide for the education of these children from other revenue sources. Impact Aid helps to replace the lost revenue that would otherwise be available to LEAs to pay for the education of these children.

The Department's fiscal year 1996 request of \$619 million for Impact Aid would provide funds to help pay for the education of federally connected children in school districts across the country. The Department's policy for Impact Aid is to provide more equitable payments to LEAs on behalf of those federally connected children whose education presents an otherwise uncompensated burden.

The reauthorization of the Impact Aid program by the Improving America's Schools Act of 1994 included many significant improvements in a program that was previously burdened by administrative complexity and inequity in the distribution of payments. The Department's request would provide funding for most of the activities authorized by the new law. Further,

IMPACT AID

the Administration proposes, as part of the President's Reinventing Government (REGO) proposal, legislation to improve targeting and increase equity in the Impact Aid program.

For Basic Support Payments, the Department requests \$581 million to make payments under the statutory formula on behalf of all categories of federally connected children specified by the statute. However, the REGO proposal will limit payments to those made on behalf of children living on Indian lands, and children of members of the uniformed services who live on Federal property, the two categories of children who present the most significant uncompensated burden to local educational agencies. Thus, our proposal, for later transmittal, will result in a reduced request for Basic Support Payments of \$550 million; that amount would provide larger payments on behalf of each of the smaller number of children in these two categories. The legislative proposal would also simplify the payment calculation to approximate more closely the actual local cost of educating these federally connected children.

The new law authorizes separate Payments for Children with Disabilities, assistance that was formerly provided through increases in the regular payment calculation. The request of \$40 million for these payments is the same as the 1995 appropriation. No funds would be provided after FY 1997.

The statute provides that the most heavily impacted school districts may receive additional payments to help bring their per-pupil spending to levels comparable to other school districts in their States. The request of \$20 million for these Payments for Heavily Impacted Districts, while a reduction from the 1995 appropriation, should be sufficient to meet the needs of this small group of school districts.

The Department of Education owns and must maintain certain school facilities that were originally built to enable local educational agencies and the Department of Defense to educate federally connected children. \$2 million is requested for Facilities Maintenance in 1996, to be phased out by 1998.

To ameliorate the temporary effects on local school districts of large influxes of federally connected children due to the military realignment and draw-down from overseas, the new law authorizes payments to school districts that enroll large numbers of children transferring into their communities under military orders. The request of \$2 million for Payments for Increases in Military Dependents would provide a one-time offset of some of the increased costs incurred by the affected school districts.

The new law replaced the old Impact Aid construction authorities under P.L. 81-815 with a simplified Construction authority for formula assistance to several categories of federally affected districts. The request of \$5 million for these payments would provide a one-time amount for this new authority.

No funds are requested for Payments for Federal Property. The Administration proposed the repeal of this authority and continues to oppose these payments, which are made to school districts without regard to the presence of federally connected children.

IMPACT AID**Basic support payments**

(Elementary and Secondary Education Act, Title VIII, Section 8003(b))

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$631,707	\$550,000	-\$81,707

PURPOSE AND METHOD OF OPERATION

Section 8003 of the statute authorizes Basic Support Payments to local educational agencies (LEAs) on behalf of several categories of federally connected children:

(A) children who live on Federal property with a parent employed on Federal property situated in whole or in part within the boundaries of the LEA, or with a parent who is a foreign military officer accredited by a foreign government;

(B) children who live on Federal property and who have a parent on active duty in the uniformed services;

(C) children who live on Indian lands;

(D) children who do not live on Federal property but who have a parent on active duty in the uniformed services, or a parent who is a foreign military officer accredited by a foreign government;

(E) children who reside in low-rent housing;

(F) children who live on Federal property but otherwise do not fit into any of the categories described above; and

(G) children who do not reside on Federal property but who have a parent employed on Federal property situated in whole or in part in the same state as the LEA.

In order to receive payments on behalf of children in categories F and/or G (formerly referred to as "civilian b's"), an LEA must have at least 2,000 such children in average daily attendance and that number must equal or exceed 15 percent of the total average daily attendance in that LEA. Approximately 20 LEAs across the country meet this requirement.

IMPACT AID

Basic support payments

An LEA is eligible for Basic Support Payments only if the total number of eligible federally connected children described above is the lesser of at least 400 or 3 percent of average daily attendance.

In order to determine the maximum payment, the statute attaches specific weights to each federally connected child eligible to be counted. This weighted child count is then multiplied by the greatest of four calculated factors designed to approximate the local share of the cost of educating these children.

If appropriations are insufficient to make maximum payments in full, then payments are reduced according to a formula, called the "Learning Opportunity Threshold", which takes into account each LEA's number of federally connected children as a percentage of total average daily attendance, and the percentage that the maximum payment would be of each LEA's total current expenditures. This reduction methodology favors LEAs that are more dependent on Impact Aid.

The statute provides a "hold-harmless" of 85 percent of the LEA's prior-year payment. An LEA may not receive a hold-harmless payment for more than two years. The Secretary must reduce payments to other LEAs, if necessary, in order to pay these hold-harmless amounts.

Funding levels for the past 5 fiscal years were as follows:

	(\$ in 000s)
1991	0 ¹
1992	0 ¹
1993	0 ¹
1994	0 ¹
1995	\$631,707

¹ This program was not authorized prior to 1995. The antecedent authority, section 3 of P.L. 81-874, provided payments for federally connected children, including increases for certain children with disabilities that are provided through separate payments under the new law. Funds available for payments under sections 3(a) and (b) of P.L. 81-874 were as follows: 1991 - \$700.2 million, 1992 - \$695.2 million, 1993 - \$690.7 million, 1994 - \$736.6 million.

1996 BUDGET REQUEST

The Department proposes \$550 million for Basic Support Payments, an \$81.7 million decrease from the 1995 appropriation. Of this amount, a \$31 million reduction is achieved through the President's Reinventing Government (REGO) proposal. The exceptionally tight Federal discretionary budget makes it impossible to request increases or even level funding for all programs while providing increases for the President's education priorities. The

IMPACT AID

Basic support payments

requested reduction for Basic Support Payments would adequately fund a better-targeted Impact Aid program.

The Administration will send forward, as part of its REGO proposal, legislative changes that would limit Basic Support Payments to those on behalf of children living on Indian lands and children of members of the uniformed services who live on Federal property. These two categories of children present the greatest burden to local educational agencies, and the Administration is committed to supporting the educational opportunities of these children. The amendments will also modify the payment formula to make payments more equitable and to approximate more closely the actual local costs of educating these children.

Funds for this activity support the education of federally connected children as follows¹:

(\$ in 000s)	1995	1996	1997	1998	1999	2000
Children on Indian lands	\$318,075	\$318,075	\$318,075	\$318,075	\$318,075	\$318,075
Children living on Federal property with a parent in the uniformed services	<u>231,925</u>	<u>231,925</u>	<u>231,925</u>	<u>231,925</u>	<u>231,925</u>	<u>231,925</u>
Total	550,000	550,000	550,000	550,000	550,000	550,000

¹These projections are estimates, subject to change. The relative share of payments supporting each category of federally connected children will shift from year to year as numbers of eligible children and other data used in the payment formula change.

IMPACT DATA

	1994 ¹	1995 ²	1996 ³
Number of LEAs receiving payments	2,700	2,700	1,000
Number of children eligible	1,800,000	1,800,000	337,000
Average payment per child	\$409	\$351	\$1,632

¹ Reflects payments under old law that included increased amounts for certain children with disabilities. The reauthorization provides that payments for children with disabilities be provided separately. Thus, average payments shown for 1995 and 1996 are not comparable to 1994.

² In 1995, hold-harmless payments will be made to over 700 LEAs that will no longer be able to count "civilian b" children and will therefore no longer meet the eligibility threshold for the program. Thus, the 1995 estimates include hold-harmless payments for these children and LEAs that will no longer qualify for payments after 1995.

³ 1996 estimates reflect the REGO proposal, which will limit payments to those on behalf of children living on Indian lands and children of members of the uniformed services living on Federal property.

IMPACT AID

Payments for children with disabilities

(Elementary and Secondary Education Act, Title VIII, Section 8003(d))

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$40,000	\$40,000	0

PURPOSE AND METHOD OF OPERATION

The new law authorizes additional payments for certain federally connected children eligible for services under the Individuals with Disabilities Education Act. The categories of federally connected children with disabilities eligible to be counted are:

(A) children who live on Federal property with a parent who is a foreign military officer accredited by a foreign government;

(B) children who live on Federal property and who have a parent on active duty in the uniformed services;

(C) children who live on Indian lands; and

(D) children who do not live on Federal property but who have a parent on active duty in the uniformed services, or a parent who is a foreign military officer accredited by a foreign government;

Available funds are paid to local educational agencies (LEAs) based on the relative number of eligible children with disabilities enrolled in each LEA, except that children in category D generate half the amounts provided for children in categories A, B, and C.

LEAs that receive payments under this authority must use the funds to provide the children counted with a free appropriate education in accordance with the Individuals with Disabilities Education Act.

IMPACT AID**Payments for children with disabilities**

Funding levels for the past 5 fiscal years were as follows:

	(\$ in 000s)
1991	0 ¹
1992	0 ¹
1993	0 ¹
1994	0 ¹
1995	\$40,000

¹ This program was not authorized prior to 1995. The antecedent authority, section 3 of P.L. 81-874, provided increased amounts within the basic formula for certain federally connected children with disabilities.

1996 BUDGET REQUEST

The Department requests \$40 million for Payments for Children with Disabilities, the same amount that was provided in FY 1995. The President's REGO proposal will amend the statute to limit eligibility for these payments to children living on Indian lands and children of members of the uniformed services who live on Federal property. Payments provided on behalf of the other categories of eligible children are expected to amount to less than \$10 million in 1995, and those funds would appropriately be used to increase payments on behalf of children with disabilities living on Indian lands and children with disabilities who live on Federal property whose parents are serving in the uniformed services. No funding will be provided after FY 1997.

IMPACT DATA

	1994 ¹	1995	1996
Number of children generating payments	—	54,846	33,100
Average payment per child	—	\$910	\$1,208

¹ Under the old law, increased amounts for children with disabilities were provided within the basic formula. Separate payments were not provided.

IMPACT AID

Payments for heavily impacted districts

(Elementary and Secondary Education Act, Title VIII, section 8003(f))

1996 Authorization (\$ in 000s): Indefinite ¹

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$40,000	\$20,000	-\$20,000

¹ The authorizing statute provides that of the total amount available for sections 8003(b) and 8003(f), six percent shall be for section 8003(f)

PURPOSE AND METHOD OF OPERATION

These payments provide additional assistance to certain local educational agencies (LEAs) that enroll large numbers or proportions of federally connected children. In order to be eligible for these payments, an LEA must: (1) have an enrollment of at least 50 percent federally connected children, or at least 40 percent if the LEA is not eligible to receive a payment for "civilian b's", and have a tax rate of at least 95 percent of the tax rate of comparable LEAs in the same State; (2) have an enrollment of at least 35 percent federally connected children and a tax rate of at least 125 percent of comparable LEAs in the same State; or (3) have boundaries that are the same as a Federal military installation.

Payments are calculated by a formula that takes into consideration average per-pupil expenditures, State aid per pupil, the number of students in average daily attendance, the tax rates of the eligible LEAs and of comparable LEAs, unusual geographic factors that necessitate increased per-pupil expenditures, and the total amounts of Basic Support Payments and Payments for Children with Disabilities received by the eligible LEAs. If available funds are insufficient to make full payments under the formula, payments are ratably reduced.

IMPACT AID**Payments for heavily impacted districts**

Funding levels for the past 5 fiscal years were as follows:

	(\$ in 000s)
1991	0 ¹
1992	0 ¹
1993	0 ¹
1994	0 ¹
1995	\$40,000

¹ This program was not authorized prior to 1995. The antecedent authority, section 3(d)(2)(B) of P.L. 81-874, provided payments for a more limited group of LEAs. Funds for section 3(d)(2)(B) were as follows. 1991 - \$25 million, 1992 - \$37.7 million, 1993 - \$29.5 million, and 1994 - \$33.4 million. In addition, section 3 of P.L. 81-874 provided payments of full entitlement to LEAs whose boundaries are the same as a military installation, one of the categories of LEAs provided for under this new activity. Amounts provided for increased payments for "coterminous" districts are not included in the amounts shown for section 3(d)(2)(B).

1996 BUDGET REQUEST

The Administration requests \$20 million for Payments for Heavily Impacted Districts, a decrease of \$20 million from the 1995 appropriation. A smaller number of LEAs will be eligible for these payments because of the Administration's policy of providing Impact Aid payments only on behalf of children living on Indian lands and children living on Federal property whose parents are serving in the uniformed services. While as many as 25 LEAs may be eligible for these payments in 1995, we anticipate that under the proposed policy fewer than 15 LEAs will be eligible in 1996. The \$20 million requested should be sufficient to maintain funding for these eligible LEAs.

IMPACT DATA (\$ in 000s)

	1994	1995	1996
Total number of payments	—	15-25	10-15
Average payment per LEA	—	\$2,000	\$1,700

IMPACT AID

Facilities maintenance

(Elementary and Secondary Education Act, Title VIII, Section 8008)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$0	\$2,000	+\$2,000

PURPOSE AND METHOD OF OPERATION

Section 8008 of the ESEA authorizes the Secretary of Education to continue to provide assistance for school facilities that were supported by the Secretary under Section 10 of P.L. 81-815, which was repealed by the Improving America's Schools Act, and to transfer these facilities to appropriate local educational agencies (LEAs) as soon as practicable. As in the past, any such transfer is to be made without charge to the LEA, must be consented to by the LEA, and may be made on such terms as the Secretary deems appropriate.

The Department of Education owns 138 school facilities that are operated by the Department of Defense (DOD) or by LEAs. Many of these school facilities are on military bases, although some are located elsewhere, and were originally built by the Department to provide educational facilities for federally connected children. Since 1983, DOD has assumed responsibility for maintenance and renovation of 71 of these school facilities, which are operated by DOD as Section 6 schools, but the Department of Education continues to be responsible for 67 other school facilities.

Funding levels for the past 5 fiscal years were as follows:

(\$ in 000s)

1991	0 ¹
1992	0 ¹
1993	0 ¹
1994	0 ¹
1995	0

¹ This program was not authorized prior to 1995. The antecedent authority, Section 10 of P.L. 81-815, was funded at the following levels: 1991 -- \$9.8 million, 1992 -- \$12.0 million, 1993 -- \$4.6 million, 1994 -- \$4.6 million.

IMPACT AID**Facilities maintenance****1996 BUDGET REQUEST**

The Administration requests \$2 million for Facilities Maintenance for FY 1996. No funds were appropriated for this activity in 1995. These funds will be used in 1996 and 1997 only to provide emergency repairs of school facilities owned by the Department but operated by LEAs. The Department owns 67 such school facilities.

The Department's long-range objective is to transfer all of these school facilities to LEAs or to close them as military bases close. Many of these facilities are deteriorated, do not have sufficient capacity for the number of students housed, or otherwise do not meet current standards. In some instances the Department will have to make substantial repairs and renovations before the LEAs will accept the transfers.

IMPACT DATA

	1994	1995	1996
Number of facilities receiving emergency repairs	2	2-4	2-4
Number of facilities transferred	5 ¹	3-5 ²	2-4

¹ Includes one facility at Loring Air Force Base that was relinquished in 1994 but has not yet been accepted by the Air Force, and three facilities at Fort Belvoir that are scheduled for demolition in 1997 upon completion of a replacement facility.

² Due to base closures or Department of Defense construction funding, these transfers can be completed without ED funding.

IMPACT AID

Payments for increases in military dependents

(Elementary and Secondary Education Act, Title VIII, Section 8006)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$0	\$2,000	+\$2,000

PURPOSE AND METHOD OF OPERATION

The purpose of this activity is to provide immediate financial assistance to local educational agencies (LEAs) faced with a sudden increase in enrollments due to the consolidation of military bases. In recent years, some school districts have experienced increases of as many as 1,000 students from one year to the next, for which they were financially unprepared.

An LEA is eligible for these payments if: (1) the number of children in average daily attendance is at least 10 percent or 100 more than during the previous year, and (2) the number of children in average daily attendance who have a parent on active duty in the Armed Forces and who are in attendance because of the assignment of their parent to a new duty station between May 15 and September 30 is at least 10 percent of average daily attendance or 100. Payment shall be provided for the lesser of the increase in average daily attendance or the number of additional children in attendance because of the parent's change in duty station.

An eligible LEA must apply for a payment by October 15 of the school year in which attendance has increased. The payment shall not exceed an amount equal to one-half the national average per-pupil expenditure multiplied by the increase described above. If appropriations are insufficient to make payments at that level, payments to eligible LEAs are ratably reduced.

Funding levels for the past 5 fiscal years were as follows:

(\$ in 000s)

1991	0 ¹
1992	0 ¹
1993	0 ¹
1994	0 ¹
1995	0

¹ This program was not authorized prior to 1995

IMPACT AID**Payments for increases in military dependents****1996 BUDGET REQUEST**

The Department requests \$2 million for 1996 only for Payments for Increases in Military Dependents. No funds were appropriated for this activity in 1995 and none will be requested after 1996. School districts that experience sudden, substantial increases in enrollments due to the consolidation of military bases face difficult, unanticipated budget problems. In many instances, they must hire additional teachers, purchase additional books and supplies, and provide additional classroom space to accommodate the new students. These funds will be used to provide such school districts with assistance quickly to meet these additional costs.

It is not possible to project how many LEAs will be eligible for payments under this authority in 1996, because the Department of Defense is unable to project in detail how many families and school-age children will be moving to specific communities due to reassignment at a military installation. The amount requested would be sufficient to provide the maximum payments authorized on behalf of approximately 800 newly enrolled children. If the number of children eligible to be counted exceeds 800, then payments will be ratably reduced.

IMPACT DATA

	1994	1995	1996
Number of LEAs receiving payments	—	0	5-15
Number of children generating payments	—	0	800-2000
Payment per child	—	0	\$1,000-\$2,500

IMPACT AID

Construction

(Elementary and Secondary Education Act, Title VIII, Section 8007)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
0	\$5,000	+\$5,000

PURPOSE AND METHOD OF OPERATION

This activity provides payments to eligible LEAs that may be used for construction and renovation of school facilities, or for debt service related to the construction of school facilities. Four categories of LEAs are eligible for assistance:

- o Those in which the number of children living on Indian lands is at least 50 percent of average daily attendance;
- o Those in which the number of children with a parent in the uniformed services is at least 50 percent of average daily attendance, and in which the local voters have twice denied a bond referendum for school construction during the four years preceding the enactment of the Improving America's Schools Act of 1994;
- o Those that receive assistance under the Payments for Heavily Impacted Districts authority;
- o Those that receive assistance under the Payments for Increases in Military Dependents authority.

Payments are determined by ratably distributing the available appropriation among eligible LEAs according to the relative weighted count of federally connected children in average daily attendance, as determined for the purposes of Basic Support Payments.

Funding levels for the past 5 fiscal years were as follows:

	(\$ in 000s)
1991	0 ¹
1992	0 ¹
1993	0 ¹
1994	0 ¹
1995	0

¹ This program was not authorized prior to 1995.

IMPACT AID

Construction

1996 BUDGET REQUEST

The Administration requests a one-time \$5 million amount for Construction. The need for assistance for construction and renovation of school facilities is very high among the LEAs eligible for assistance under this activity, especially LEAs serving large numbers of children living on Indian lands. These LEAs are among the poorest in the country and have the most difficulty in raising capital for school construction because of their inadequate tax bases.

IMPACT DATA

	1994	1995	1996
Number of LEAs receiving payments	—	—	150-175
Average payment	—	—	\$29,000-33,000

IMPACT AID

Payments for Federal property

(Elementary and Secondary Education Act, Title VIII, Section 8002)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$16,293	0	-\$16,293

PURPOSE AND METHOD OF OPERATION

The purpose of this activity is to compensate local educational agencies (LEAs) in part for revenue lost due to the removal of Federal property from local tax rolls. Payments for Federal property are made to LEAs that have a loss of tax base of at least 10 percent of assessed value due to the acquisition since 1938 of real property by the United States Government. Payments are determined by considering the current, levied real property tax rate of the LEA (or, in dependent school districts, the imputed real property tax rate) and the aggregate assessed value of the Federal property provided by the local tax assessor, based on the highest and best use of adjacent property.

Payments are to be reduced by an amount equal to the amount of revenue, if any, that the LEA received during the previous fiscal year for activities conducted on the Federal property.

If appropriations are insufficient, payments to eligible LEAs are ratably reduced.

Funding levels for the past 5 fiscal years were as follows:

	(\$ in 000s)
1991	0 ¹
1992	0 ¹
1993	0 ¹
1994	0 ¹
1995	\$16,293

¹ Prior to 1995, this program was authorized as Section 2 of P.L. 81-874. Funding levels under the antecedent authority were as follows: 1991 - \$16.6 million; 1992 - \$16.6 million; 1993 - \$16.3 million; 1994 - \$16.3 million.

IMPACT AID**Payments for Federal property****1996 BUDGET REQUEST**

The Department requests no funds for Payments for Federal Property in 1996. The policy of the Administration is to use available Impact Aid funds to help pay for the education of federally connected children. Because Payments for Federal Property are made to LEAs without regard to the presence of federally connected children, these payments do not necessarily provide for such educational services. LEAs that are burdened by the presence of federally connected children will be compensated through Basic Support Payments and Payments for Children with Disabilities.

IMPACT DATA

	1994	1995	1996
Number of LEAs receiving payments	260	260	0
Average payment	\$62,000	\$62,000	0

IMPACT AID

Maintenance and Operations - Section 3, Public Law 81-874

State or Outlying Area	1994	1995	1996
Alabama	\$4,829,140	0	0
Alaska	76,171,608	0	0
Arizona	64,973,435	0	0
Arkansas	1,909,256	0	0
California	64,329,663	0	0
Colorado	7,983,248	0	0
Connecticut	7,190,035	0	0
Delaware	72,571	0	0
Florida	13,817,189	0	0
Georgia	7,455,460	0	0
Hawaii	22,377,485	0	0
Idaho	4,763,578	0	0
Illinois	10,993,372	0	0
Indiana	1,992,779	0	0
Iowa	168,544	0	0
Kansas	10,504,660	0	0
Kentucky	1,289,856	0	0
Louisiana	7,013,831	0	0
Maine	2,831,452	0	0
Maryland	10,373,753	0	0
Massachusetts	5,226,336	0	0
Michigan	6,767,128	0	0
Minnesota	5,630,488	0	0
Mississippi	4,041,405	0	0
Missouri	5,925,535	0	0
Montana	24,230,958	0	0
Nebraska	8,151,339	0	0
Nevada	3,792,051	0	0
New Hampshire	1,029,146	0	0
New Jersey	11,392,892	0	0
New Mexico	37,501,105	0	0
New York	18,525,607	0	0
North Carolina	9,622,606	0	0
North Dakota	12,885,139	0	0
Ohio	4,500,304	0	0
Oklahoma	22,259,906	0	0
Oregon	3,637,272	0	0
Pennsylvania	3,597,526	0	0
Rhode Island	3,049,812	0	0
South Carolina	7,363,161	0	0
South Dakota	15,121,096	0	0
Tennessee	3,519,747	0	0
Texas	31,395,790	0	0
Utah	6,341,898	0	0
Vermont	13,969	0	0
Virginia	36,401,327	0	0
Washington	26,829,433	0	0
West Virginia	91,354	0	0
Wisconsin	7,324,918	0	0
Wyoming	8,288,102	0	0
District of Columbia	1,242,264	0	0
Puerto Rico	1,387,450	0	0
Virgin Islands	134,922	0	0
Undistributed	<u>78,311,099</u>	<u>0</u>	<u>0</u>
TOTAL	736,574,000	0	0

Note— Excludes payments under Sections 3(d)(2)(B) and 3(e). Amounts for 1994 represent actual payments as of December 17, 1994. Many payments had not yet been made at that time because of incomplete information in applications; thus, over \$78 million is shown as undistributed.

IMPACT AID

Basic Support Payments

State or Outlying Area	1994	1995 ¹	1996 ²
Alabama	0	\$3,962,309	\$270,228
Alaska	0	60,338,117	93,940,256
Arizona	0	45,712,179	89,321,315
Arkansas	0	1,561,927	1,514,297
California	0	49,263,819	47,930,325
Colorado	0	6,146,916	5,128,045
Connecticut	0	4,642,280	6,592,301
Delaware	0	51,895	0
Florida	0	10,192,629	2,185,089
Georgia	0	5,912,451	534,476
Hawaii	0	17,741,798	9,327,853
Idaho	0	3,801,577	3,185,003
Illinois	0	7,733,367	11,490,683
Indiana	0	1,296,629	1,128,378
Iowa	0	141,490	47,402
Kansas	0	6,496,364	9,809,502
Kentucky	0	1,033,227	0
Louisiana	0	5,799,275	3,736,812
Maine	0	2,146,868	4,516,951
Maryland	0	7,954,841	1,760,446
Massachusetts	0	3,957,499	7,285,317
Michigan	0	5,399,124	9,300,587
Minnesota	0	3,980,116	5,928,545
Mississippi	0	3,232,974	1,854,021
Missouri	0	4,586,348	7,782,233
Montana	0	18,575,922	24,059,561
Nebraska	0	6,233,646	8,461,447
Nevada	0	2,959,386	605,110
New Hampshire	0	873,443	0
New Jersey	0	8,735,543	15,101,954
New Mexico	0	27,752,666	51,362,347
New York	0	14,987,510	6,159,444
North Carolina	0	7,461,336	2,115,696
North Dakota	0	9,179,803	14,388,175
Ohio	0	3,586,062	2,133,089
Oklahoma	0	16,346,081	14,633,720
Oregon	0	2,846,695	3,357,187
Pennsylvania	0	2,989,919	179,258
Rhode Island	0	886,189	2,668,386
South Carolina	0	5,166,992	2,174,077
South Dakota	0	11,480,211	18,040,963
Tennessee	0	2,809,027	97,049
Texas	0	23,185,878	16,991,281
Utah	0	5,038,374	3,939,683
Vermont	0	11,873	0
Virginia	0	27,257,315	7,753,445
Washington	0	20,167,760	17,424,934
West Virginia	0	75,004	0
Wisconsin	0	4,101,597	8,558,416
Wyoming	0	6,780,582	5,138,629
District of Columbia	0	1,055,924	86,084
Puerto Rico	0	1,179,332	0
Virgin Islands	0	114,684	0
Undistributed	0	136,782,227	0
TOTAL	0	631,707,000	550,000,000

¹Payments for FY 1995 have not been completed, pending collection of data on total current expenditures for each eligible LEA. The distribution shown here reflects payments as of December 17, 1994.

²Estimates for 1996 are subject to change as complete data on each LEA's total current expenditures, an element of the formula, are collected.

IMPACT AID

Supplemental Payments for Children with Disabilities

State or Outlying Area	1994 ¹	1995 ²	1996 ³
Alabama	0	\$184,718	\$107,497
Alaska	0	812,603	5,279,312
Arizona	0	1,172,646	3,067,149
Arkansas	0	53,967	98,455
California	0	3,586,584	4,770,879
Colorado	0	678,395	469,310
Connecticut	0	231,099	418,181
Delaware	0	13,345	0
Florida	0	1,485,361	1,368,540
Georgia	0	507,828	79,956
Hawaii	0	1,025,730	1,300,390
Idaho	0	167,136	231,262
Illinois	0	371,016	862,041
Indiana	0	68,629	140,425
Iowa	0	0	20,624
Kansas	0	421,254	0
Kentucky	0	91,206	486,981
Louisiana	0	133,323	197,877
Maine	0	78,361	156,286
Maryland	0	535,807	653,608
Massachusetts	0	176,957	590,084
Michigan	0	134,504	320,897
Minnesota	0	23,979	618,476
Mississippi	0	162,182	101,536
Missouri	0	393,000	385,225
Montana	0	93,067	1,076,054
Nebraska	0	436,596	681,147
Nevada	0	0	0
New Hampshire	0	0	143,392
New Jersey	0	385,459	1,158,488
New Mexico	0	1,152,091	2,284,568
New York	0	372,847	607,816
North Carolina	0	822,675	269,439
North Dakota	0	400,667	855,494
Ohio	0	205,005	205,995
Oklahoma	0	1,029,887	1,531,620
Oregon	0	0	213,261
Pennsylvania	0	38,659	36,141
Rhode Island	0	30,592	182,355
South Carolina	0	382,595	480,258
South Dakota	0	689,226	1,131,992
Tennessee	0	258,512	41,322
Texas	0	2,379,762	1,719,636
Utah	0	41,650	608,804
Vermont	0	0	0
Virginia	0	3,018,798	1,924,638
Washington	0	1,884,067	1,978,819
West Virginia	0	0	0
Wisconsin	0	429,601	884,129
Wyoming	0	180,863	259,641
District of Columbia	0	0	0
Puerto Rico	0	0	0
Virgin Islands	0	0	0
Undistributed	0	13,257,751	0
TOTAL	0	40,000,000	40,000,000

¹Included under antecedent authority as part of Maintenance and Operations payments.²Represents payments as of December 17, 1994.³Estimates for 1996 are subject to change.

Department of Education

SCHOOL IMPROVEMENT PROGRAMS

Fiscal Year 1996 Budget Request

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SCHOOL IMPROVEMENT PROGRAMS

For carrying out school improvement activities authorized by titles II, [III,] IV, and V, [VII, VIII, IX, and XV (or under the comparable citations which may be designated)]¹ section 7203² and titles X and XIII³ of the Elementary and Secondary Education Act of 1965, as amended by the Improving America's Schools Act as enacted into law⁴; the Stewart B. McKinney Homeless Assistance Act; the Civil Rights Act of 1964; and title V of the Higher Education Act; [\$1,564,877,000] \$1,512,277,000, of which [\$1,268,418,000] \$1,230,000,000 shall become available on July 1, [1995] 1996, and remain available through September 30, [1996] 1997.⁵ *Provided*, That [\$5,899,000 shall be for law related education; \$12,000,000 shall be for arts education activities; \$28,000,000 shall be for dropout prevention assistance, if authorized; \$4,185,000 shall be for Ellender Fellowships; \$12,000,000 shall be for education for Native Hawaiians; \$10,912,000 shall be for foreign language assistance, if authorized; and \$100,000,000 shall be for new education infrastructure improvement grants, if authorized]⁶ of the amount appropriated, \$735,000,000 shall be for State grants for professional development under part B of title II of the Elementary and Secondary Education Act of 1965⁷. (Department of Education Appropriations Act, 1995.)

NOTES

This language supports the budget proposal without accounting for the President's Reinventing Government (REGO) legislation; i.e., this language does not reflect the proposed elimination of the Christa McAuliffe Fellowships program.

Each language provision that is followed by a footnote reference is explained in the Analysis of Language Provisions and Changes document which follows the appropriation language.

(Rescission proposal)

SCHOOL IMPROVEMENT PROGRAMS

Of the funds made available under this heading in Public Law 103-333, \$138,084,000 are rescinded as follows: - from the Elementary and Secondary Education Act, \$28,000,000 for part C of title V, \$5,899,000 for section 10602, \$4,185,000 for part G of title X, and \$100,000,000 for title XII.

SCHOOL IMPROVEMENT PROGRAMS

Analysis of Language Provisions and Changes

Language Provision	Explanation
¹ ...titles II, [III.] IV, and V, [VII, VIII, IX, and XV (or under the comparable citations which may be designated)]...	This language is deleted because, other than for the exception explained in number 2 below, no funds are requested in this account for programs authorized under titles III (technology for education), VII (bilingual education, language enhancement, and language acquisition programs), VIII (impact aid), IX (Indian, Native Hawaiian, and Alaska Native education) and XV of the Elementary and Secondary Education Act of 1965 as amended by the Improving America's Schools Act of 1994. [Note: The 1995 appropriation was enacted before the Improving America's Schools Act of 1994 (IASA) was signed into law. The citations for several of the programs funded in this account changed in the final, enacted version of the IASA.]
² ...section 7203...	This language allows funding only for foreign language assistance grants authorized by section 7203; no funding would be available for the incentive program authorized by section 7205.
³ ...and titles X and XIII...	These citations are added because funding is requested in this account for the Arts in Education, Inexpensive Book Distribution, and Charter Schools programs under title X and the Comprehensive Regional Assistance Centers program under title XIII of the Elementary and Secondary Education Act.
⁴ ...[as amended by the Improving America's Schools Act as enacted into law]...	This language is deleted because it is no longer necessary.

SCHOOL IMPROVEMENT PROGRAMS

Analysis of Language Provisions and Changes

Language Provision	Explanation
⁵ ...of which <u>[\$1,268,418,000]</u> <u>\$1,230,000,000</u> shall become available on July 1, [1995] 1996, and remain available through September 30, [1996] 1997...	This language provides for funds to be appropriated on a forward-funded basis for Eisenhower Professional Development State Grants, Safe and Drug-Free Schools and Communities State Grants, and Education for Homeless Children and Youth State Grants.
⁶ ...[\$5,899,000 shall be for law related education; \$12,000,000 shall be for arts education activities; \$28,000,000 shall be for dropout prevention assistance, if authorized; \$4,185,000 shall be for Ellender Fellowships; \$12,000,000 shall be for education for Native Hawaiians; \$10,912,000 shall be for foreign language assistance, if authorized; and \$100,000,000 shall be for new education infrastructure improvement grants, if authorized]	This language is deleted because: (1) no funding is requested for law-related education, dropout prevention assistance, Ellender fellowships, education for Native Hawaiians, or education infrastructure improvement grants; (2) funding for arts education is requested under title X of the Elementary and Secondary Education Act and does not require earmarking of the amount; and (3) funding for foreign language assistance is requested under Title VII of the ESEA.
⁷ ...of the amount appropriated, <u>\$735,000,000 shall be for State grants for professional development under part B of title II of the Elementary and Secondary Education Act of 1965.</u>	This language earmarks funding for Eisenhower Professional Development State Grants at a level that is more than the 94 percent (of the total for State grants, National programs, and demonstration projects) required by the authorizing statute.

SCHOOL IMPROVEMENT PROGRAMS

Amounts Available for Obligation
(\$ in 000s)

	1994	1995	1996
<u>Current authority:</u>			
Annual appropriation	\$1,376,659	\$1,564,877	\$1,512,277
Proposed REGO savings	0	0	-1,946
Proposed rescission	0	-138,084	0
Subtotal, current authority	1,376,659	1,426,793	1,510,331
<u>Comparative transfer from</u> <u>Education for the</u> <u>Disadvantaged for:</u>			
Chapter 1 technical assistance centers	5,113	0	0
Chapter 1 rural technical assistance centers	4,960	0	0
Chapter 1 migrant program coordination centers	2,735	0	0
<u>Comparative transfer from</u> <u>Indian Education for:</u>			
Indian education technical assistance centers	3,815	0	0
<u>Comparative transfers from</u> <u>Bilingual and Immigrant</u> <u>Education for:</u>			
Bilingual education multi-functional resource centers	11,565	0	0
Bilingual education evaluation assistance centers	1,786	0	0
Subtotal, comparable current authority	1,406,633	1,426,793	1,510,331
<u>Permanent authority:</u>			
Spending authority from offsetting collections from non-Federal sources	439	0	0
Spending authority from offsetting collections from Federal sources	25	0	0
Subtotal, permanent authority	464	0	0
Subtotal, gross budget authority	1,407,097	1,426,793	1,510,331

SCHOOL IMPROVEMENT PROGRAMS

Amounts Available for Obligation -- continued
(\$ in 000s)

	1994	1995	1996
Recovery of prior-year obligations	\$2,009	0	0
Unobligated balance, start of year	5,431	\$20,011	\$11
Unobligated balance, end of year	-20,011	-11	-11
Unobligated balance expiring	<u>-1,971</u>	<u>0</u>	<u>0</u>
Total obligations	1,392,555 ¹	1,446,793	1,510,331

¹ Includes \$464 thousand for reimbursable activities carried out by this account.

SCHOOL IMPROVEMENT PROGRAMS

Obligations by Object
(\$ in 000s)

	1994	1995	1995 Revised	1996
Personnel compensation:				
Full-time permanent	\$150	0	0	0
Other than full-time permanent	34	0	0	0
Other personnel compensation	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal, personnel compensation	186	0	0	0
Civilian personnel benefits	49	0	0	0
Travel and transportation of persons	24	0	0	0
Communications, utilities, and miscellaneous charges	356	\$414	\$414	\$395
Printing and reproduction	2,226	2,859	2,859	2,470
Advisory and assistance services	5,270	6,130	6,130	5,849
Other services:				
Peer review	315	752	716	607
Other services	<u>16,462</u>	<u>18,762</u>	<u>18,798</u>	<u>18,013</u>
Subtotal, other services	16,777	19,514	19,514	18,620
Purchases of goods and services from Government accounts	6,772	7,877	7,877	7,516
Operation of Government contracts	45	0	0	0
Supplies and materials	13	15	15	14
Grants, subsidies, and contributions	<u>1,358,907</u>	<u>1,548,068</u>	<u>1,409,984</u>	<u>1,475,467</u>
Total	1,392,091	1,584,877	1,446,793	1,510,331

NOTES

Excludes the following total obligations from permanent authority: 1994 - \$464 thousand

Amounts shown in 1995 and 1996 for advisory and assistance services reflect estimates of contracts that may be classified as such; these amounts may change once the funds are obligated.

SCHOOL IMPROVEMENT PROGRAMS

Summary of Changes
(\$ in 000s)

1995	\$1,564,877	
1995 Proposed rescission	<u>-138,084</u>	
Total estimated budget authority	1,426,793	
1996	1,510,331	
Net change	+83,538	

	<u>1995 base</u>	<u>Change from base</u>
<u>Increases:</u>		
<u>Program:</u>		
Increase in the Eisenhower Professional Development State grants program to support more high-quality State and local professional development activities in all core academic subjects	\$320,298	+\$414,702
Increase in Safe and Drug-Free Schools and Communities State grants program to permit school districts to expand and integrate safe schools activities with drug prevention efforts	456,962	+8,038
Increase in Safe and Drug-Free Schools National Programs to support additional Federal leadership activities in drug and violence prevention	25,000	+10,000
Increase in the Education for Homeless Children and Youth program to accommodate the expanded scope of the reauthorized program which includes preschool children as well as elementary and secondary children	28,811	+1,189
Increase in the Women's Educational Equity program to support more activities to implement gender-equitable practices	3,967	+33

SCHOOL IMPROVEMENT PROGRAMS

Summary of Changes -- continued
(\$ in 000s)

	<u>1995 base</u>	<u>Change from base</u>
<u>Increases:</u>		
Program (continued):		
Increase to support more national models of Charter Schools, which operate flexibly and provide enhanced public school choice	\$6,000	+\$14,000
Increase to ensure a smooth phase-in of the ESEA technical assistance consolidation without interruption or diminution of services while the ESEA categorical technical assistance centers are phased out	44,541	<u>+10,459</u>
Subtotal, increases		+458,421
<u>Decreases:</u>		
Program:		
Elimination of funds for Innovative Education Program Strategies to redirect funds into the Eisenhower Professional Development program which will have a greater impact on teacher training and education reform	347,250	-347,250
Decrease in funds for the Arts in Education program reflecting the one-time FY 1995 grant to Very Special Arts to establish the Louisiana International Learning and Technology Center	12,000	-2,000
Elimination of funding for the Christa McAuliffe fellowships program to provide savings as part of the Administration's Reinventing Government (REGO) proposal	1,946	-1,946
Decrease for Training and Advisory Services consistent with the Department's proposal to terminate funding to SEAs under this program while increasing funding to desegregation assistance centers	21,412	-7,412

SCHOOL IMPROVEMENT PROGRAMS

Summary of Changes -- continued
(\$ in 000s)

	<u>1995 base</u>	<u>Change from base</u>
<u>Decreases:</u>		
<u>Program</u> (continued):		
Elimination of the Education for Native Hawaiian programs, which duplicate other programs that serve Native Hawaiians	\$12,000	-\$12,000
Decrease for Training in Early Childhood Education and Violence Counseling, consistent with the Department's proposal to terminate Federal support for these projects after their third year of funding	13,875	<u>-4,275</u>
Subtotal, decreases		-374,883
Net change		+83,538

SCHOOL IMPROVEMENT PROGRAMS

Authorizing Legislation

Activity	1995 Authorized	1995 Estimate	1996 Authorized	1996 Request
Eisenhower professional development				
State grants (ESEA-II-B)	\$800,000,000 ¹	\$320,298,000	Indefinite ¹	\$735,000,000
Innovative education program strategies				
State grants (ESEA-VI)	370,000,000	347,250,000	Indefinite	0
Safe and Drug-free schools and communities				
State grants (ESEA-IV-A-1)	630,000,000	456,962,000	Indefinite	465,000,000
National programs (ESEA-IV-A-2)	25,000,000	25,000,000	Indefinite	35,000,000
Education infrastructure (ESEA XII)	200,000,000	0 ²	Indefinite	0
Inexpensive book distribution (ESEA-X-E)	10,300,000	10,300,000	Indefinite	10,300,000
Arts in education (ESEA-X-D-1)	11,000,000 ³	12,000,000	Indefinite ³	10,000,000
Instruction in civics, government, and the law (ESEA, section 10602)	15,000,000 ⁴	0 ⁵	Indefinite ⁴	0
Christa McAuliffe fellowships (HEA-V-C-2)	Indefinite	1,946,000	Indefinite	0
Magnet schools assistance (ESEA-V-A)	120,000,000	111,519,000	Indefinite	111,519,000
Education for homeless children and youth (McKinney Act, Title VII-B)	30,000,000	28,811,000	Indefinite	30,000,000
Women's educational equity (ESEA-V-B)	5,000,000	3,967,000	Indefinite	4,000,000
Training and advisory services (CRA-IV)	Indefinite	21,412,000	Indefinite	14,000,000
Dropout prevention demonstrations (ESEA-V-C)	50,000,000	0 ⁶	Indefinite	0
Ellender fellowships (ESEA-X-G)	4,400,000	0 ⁷	Indefinite	0
Education for Native Hawaiians (ESEA-IX-B):				
Education council and island councils (section 9204)	500,000	300,000	Indefinite	0
Family-based education centers (section 9205)	6,000,000	5,600,000	Indefinite	0

SCHOOL IMPROVEMENT PROGRAMS

Authorizing Legislation -- continued

Activity	1995 Authorized	1995 Estimate	1996 Authorized	1996 Request
Education for Native Hawaiians (continued):				
Higher education program (section 9206)	\$2,000,000	\$1,400,000	Indefinite	0
Gifted and talented program (section 9207)	1,500,000	1,200,000	Indefinite	0
Special education program (section 9208)	2,000,000	1,200,000	Indefinite	0
Curriculum development, teacher training, and recruitment program (section 9209)	2,000,000	1,500,000	Indefinite	0
Community-based education learning centers (section 9210)	1,000,000	800,000	Indefinite	0
Foreign language assistance (ESEA-VII-B)	35,000,000 *	10,912,000	Indefinite *	\$10,912,000
Training in early childhood education and violence counseling (HEA-V-F, section 596)	Indefinite	13,875,000	Indefinite	9,600,000
Charter schools (ESEA-X-C)	15,000,000	6,000,000	Indefinite	20,000,000
Comprehensive regional assistance centers (ESEA-XIII-A)	70,000,000	44,541,000	Indefinite	55,000,000
Unfunded authorizations:				
State and local programs for teacher excellence (HEA-V-A)	Indefinite	0	Indefinite	0
Early childhood staff training and professional enhancement (HEA-V-F, section 597)	Indefinite	0	Indefinite	0
Alaska Native education (ESEA-IX-C):				
Educational planning, curriculum development, teacher training and recruitment program (section 9304)	5,000,000	0	Indefinite	0

SCHOOL IMPROVEMENT PROGRAMS

Authorizing Legislation — continued

Activity	1995 Authorized	1995 Estimate	1996 Authorized	1996 Request
Unfunded authorizations (continued):				
Alaska Native education (continued):				
Home based education for preschool children (section 9305)	\$2,000,000	0	Indefinite	0
Student enrichment programs (section 9306)	1,000,000	0	Indefinite	0
Cultural partnerships for at-risk children and youth (ESEA X-D-2)	45,000,000	0	Indefinite	0
Urban and rural education assistance	125,000,000 *	0	Indefinite *	0
Demonstration grants (ESEA X-J-1-2)	25,000,000	0	Indefinite	0
Higher education grants (ESEA, section 10975)	5,000,000	0	\$5,000,000	0
General assistance to the Virgin Islands (ESEA-X-M)	2,613,700,000	\$1,426,793,000	5,000,000	\$1,510,331,000
Total definite authorization				
Total appropriation				

¹ Of the total appropriated for Title II, 5 percent is to be reserved for Federal Activities under Part A and 1 percent is to be reserved for a Professional Development Demonstration project under Part C. The remainder is to be available for State grants.

² Reflects a proposed rescission of \$100,000,000.

³ If the appropriation for any fiscal year is \$9 million or less, funds for this program may be used only for model projects and programs in the performing arts for children and youth through arrangements made with the John F. Kennedy Center for the Performing Arts, and for model projects and programs by Very Special Arts that assure the participation in mainstream settings in arts and education programs of individuals with disabilities.

⁴ Of the total appropriated for Part F of Title X, 40 percent is to be reserved for instruction on the history and principles of democracy in the United States under section 10601 and 60 percent is to be reserved for instruction in civics, government, and the law under section 10602, provided that each of these programs is funded at not less than the amount funded in 1994 under prior legislation.

SCHOOL IMPROVEMENT PROGRAMS

Authorizing Legislation -- continued

⁵ Reflects a proposed rescission of \$5,899,000.

⁶ Reflects a proposed rescission of \$28,000,000.

⁷ Reflects a proposed rescission of \$4,185,000.

⁸ From the funds appropriated for Part B of Title VII, the Secretary is required to make elementary school foreign language incentive payments under section 7205. Funding for incentive payments may not exceed \$20 million.

⁹ Of the total appropriated for Part J of Title X (other than section 10975), 50 percent is to be reserved for Urban Education Demonstration Grants under subpart 1 and 50 percent is to be reserved for Rural Education Demonstration Grants under Subpart 2.

SCHOOL IMPROVEMENT PROGRAMS

Table of Estimates and Appropriations
(\$ in 000s)

	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1987	\$678,909	\$1,060,943	\$886,537	\$934,890
1987 Rescission	-50,553	---	---	---
1988	784,337	921,314	1,120,687	1,040,312
1989	1,126,835	1,118,538	1,088,180	1,109,599
1989 Supplemental	---	---	---	108,000
1990	1,260,770	1,170,527	1,474,085	1,414,395
1990 Sequester	---	---	---	-17,653
1990 Supplemental	---	---	---	20,945
1991	1,704,916	1,529,045	1,685,247	1,582,654
1991 Sequester	---	---	---	-21
1992	1,500,528	1,577,618	1,586,595	1,578,195
1993	1,620,447	1,557,855	1,553,611	1,531,041
1994	1,572,890	1,339,178	1,393,893	1,376,659
1995	1,709,619	1,424,513	1,570,201	1,564,877
1995 Rescission	-138,084			
1996	1,510,331			

SCHOOL IMPROVEMENT PROGRAMS

Significant Items in FY 1995 Appropriations Reports

Education Infrastructure - Support for the Schurz Elementary School

Senate: The Committee directs the Secretary to give every consideration in making awards under this program to the serious situation faced by the Schurz Elementary School on the Walker Paiute Reservation in Mineral County, Nevada.

Response: It appears that Mineral County does not meet the minimum eligibility requirements of the Education Infrastructure program; therefore, the Department is unable to provide assistance to the LEA under this authority.

Arts in Education - Establishment of the Louisiana International Learning and Technology Center

Senate: The Committee directs the Secretary to fund the Kennedy Center Education Program and Very Special Arts regular program at no less than their respective 1994 levels, and has provided a one-time appropriation to Very Special Arts to pay the startup costs associated with establishing the Louisiana International Learning and Technology Center in Baton Rouge.

Response: The Department will provide both the Kennedy Center and Very Special Arts with funding above their respective 1994 levels. The Department will also provide \$3 million in 1995 to Very Special Arts to act as the fiduciary agent for establishing the Louisiana International Learning and Technology Center. A Department representative will participate in the project design team.

Magnet Schools Assistance - Program Priorities

House: The Committee urges the Secretary to place special emphasis in awarding magnet school funds to school districts engaged in both the education reform and school desegregation efforts which promise results in teaching all children to learn.

Conference: The Conferees expect the Secretary to give priority in awarding new grants to local educational agencies which propose innovative programs that involve strategies such as neighborhood or community model schools organized around a special emphasis, theme, or concept and involving extensive parent and community involvement.

SCHOOL IMPROVEMENT PROGRAMS

Significant Items in FY 1995 Appropriations Reports -- continued

Response: The reauthorized Magnet Schools program includes five priorities that the Secretary must consider when making awards. Two of these priorities address specifically the House Committee's encouragement that program funds be directed at districts involved in education reform and school desegregation efforts designed to benefit all children. The concerns of the Conferees will also be addressed in the Department's implementation of other components of the reauthorized program. For the first time, the program will permit local educational agencies (LEAs) to apply on their own or as part of a consortium of LEAs. This change, along with a new priority for projects that draw on comprehensive community involvement plans, will encourage multi-district proposals that draw on a variety of community resources. Program applicants will also be required to provide assurances that their projects will encourage greater parental involvement.

Ellender Fellowships - Funding Restrictions Required of Close Up Foundation

House: The Committee expects the Department to monitor the agreement entered into by the Close Up Foundation in 1994 to see that these conditions are complied with.

Senate: The Committee has reached an agreement with the Close Up Foundation that up to 30 percent of the 1994 appropriation may be used for teacher fellowships in 1994-95 program year, and that this percentage shall decline to 20 percent in fiscal year 1995, 10 percent in fiscal year 1996, and zero in fiscal year 1997.

Conference: The conferees have no objection to the adjustments in the funding agreement for this activity in the Senate Report.

Response: In the event that the Administration's proposal to rescind funding for this program is not enacted, the Department will change the terms of the Close Up grant award to make it conform to the terms of the report language. The Department will also monitor the Close Up Foundation to ensure that the Foundation is meeting the terms of its agreement with the Senate Committee.

Foreign Language Assistance - Priority for Instruction in the Elementary Grades in Critical Languages

Senate: The Committee directs the Department to give priority in awarding funds to projects that begin teaching foreign languages in the elementary grade, with the primary focus in the less commonly taught languages such as Japanese, Chinese, Russian, Arabic, and Korean.

SCHOOL IMPROVEMENT PROGRAMSSignificant Items in FY 1995 Appropriations Reports -- continued

Response: The reauthorized Foreign Language Assistance program is quite responsive to the Senate Committee's concern about elementary-level instruction. It requires not less than 75 percent of total appropriations for expanding foreign language instruction in the elementary grades. In addition, the Department will give a competitive priority to applicants proposing to carry out projects in the languages cited in the Committee report.

SCHOOL IMPROVEMENT PROGRAMS

Summary of Request
(\$ in 000s)

	1995	1995 Revised	1996	Change from 1995 Revised
Professional development and program innovation:				
Eisenhower professional development State grants	\$320,298	\$320,298	\$735,000	+\$414,702
Innovative education program strategies State grants	<u>347,250</u>	<u>347,250</u>	<u>0</u>	<u>-347,250</u>
Subtotal	667,548	667,548	735,000	+67,452
Safe and drug-free schools and communities:				
State grants	456,962	456,962	465,000	+8,038
National programs	<u>25,000</u>	<u>25,000</u>	<u>35,000</u>	<u>+10,000</u>
Subtotal	481,962	481,962	500,000	+18,038
Education infrastructure	100,000	0	0	0
Inexpensive book distribution	10,300	10,300	10,300	0
Arts in education	12,000	12,000	10,000	-2,000
Instruction in civics, government, and the law	5,899	0	0	0
Christa McAuliffe fellowships	1,964	1,964	0	-1,964
Magnet schools assistance	111,519	111,519	111,519	0
Education for homeless children and youth	28,811	28,811	30,000	+1,189

SCHOOL IMPROVEMENT PROGRAMS

Summary of Request -- continued
(\$ in 000s)

	1995	1995 Revised	1996	Change from 1995 Revised
Women's educational equity	\$3,967	\$3,967	\$4,000	+\$33
Training and advisory services	21,412	21,412	14,000	-7,412
Dropout prevention demonstrations	28,000	0	0	0
Ellender fellowships	4,185	0	0	0
Education for Native Hawaiians	12,000	12,000	0	-12,000
Foreign language assistance	10,912	10,912	10,912	0
Training in early childhood education and violence counseling	13,875	13,875	9,600	-4,275
Charter schools	6,000	6,000	20,000	+14,000
Comprehensive regional assistance centers	44,541	44,541	55,000	+10,459
Total	1,564,877	1,426,793	1,510,331	+83,538

SCHOOL IMPROVEMENT PROGRAMS

Summary of Request – continued

The funding request for School Improvement Programs is designed to implement several significant components of the recently reauthorized Elementary and Secondary Education Act, and in doing so, further promote systemic reform and continued progress toward attainment of the National Education Goals. The request would also make the most of scarce resources by terminating unnecessary programs and increasing funding for the following high priorities:

- Supporting the professional development of teachers and other educators in the core academic subjects through the Eisenhower Professional Development State Grants program;
- Providing all students with a safe and drug-free learning environment with assistance and leadership under Safe and Drug-Free Schools and Communities State Grants and National Programs;
- Promoting innovative methods of achieving educational excellence through the support of Charter Schools, which increase flexibility in return for accountability for improved outcomes and enhance student and parental choice; and
- Improving the provision of technical assistance to States, school districts, and other recipients of Federal education funds through Comprehensive Regional Assistance Centers that will help integrate services across programs and address the needs of entire schools and school districts, and thereby enhance the impact of Elementary and Secondary Education Act programs.

Funding at the requested level for programs in this account will help to bring about improvements in teaching and learning and to provide all children with the opportunities to achieve to challenging standards.

In order to fund high-priority programs at the desired levels, no funds are requested for programs that are duplicative of other programs, have already achieved their purpose, are poorly structured, or are more appropriately funded through non-Federal resources.

SCHOOL IMPROVEMENT PROGRAMS

Professional development and program innovation: Eisenhower professional development State grants

(Elementary and Secondary Education Act of 1965, Title II, Part B)

1996 Authorization (\$ in 000s): Indefinite¹

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$320,298	\$735,000	+\$414,702

¹ Of the total appropriated for Title II, 5 percent is to be reserved for Federal Activities under Part A and 1 percent is to be reserved for a Professional Development Demonstration project under Part C. The remainder is to be available for State grants.

PURPOSE AND METHOD OF OPERATION

The new Eisenhower Professional Development State Grant program helps ensure that our Nation's educators are able to provide their students with the challenging learning experiences needed for those students to achieve to world-class standards. The program provides funds to State educational agencies (SEAs), local educational agencies (LEAs), State agencies for higher education (SAHEs), and institutions of higher education (IHEs) to support sustained and intensive high-quality professional development in the core academic subjects.

Of the total appropriation, 0.5 of 1 percent is reserved for the Outlying Areas. An additional 0.5 of 1 percent is reserved for the Bureau of Indian Affairs. Funds are awarded to States using a formula based 50 percent on State shares of ESEA Title I funding for the previous fiscal year and 50 percent on school-aged population. Of each State's allocation, 84 percent is distributed to LEAs based upon a formula similar to the State grant formula while the remaining 16 percent is granted competitively to IHEs. States can reserve up to 5 percent of their LEA and IHE funds for administration. To receive funds, SEAs and LEAs must develop comprehensive professional development plans that are, if appropriate, part of their Goals 2000 strategies. Professional development in the areas of mathematics and science receive a priority in funding, with the first \$250 million of the total appropriation for this program designated for those subjects.

SEAs and SAHEs can use their funds for any activity in support of the State's professional development plan. Sample activities for SEAs include: (1) formation of professional development networks that allow educators to exchange information on advances in content and pedagogy; (2) professional development in the effective use of technology as a teaching tool; and (3) reform of State teacher licensure requirements in order to align them with new content standards. IHEs will implement programs such as: (1) professional

SCHOOL IMPROVEMENT PROGRAMS

Professional development and program innovation: Eisenhower professional development State grants

development for educators from local schools or school districts; and (2) the improvement of teacher education programs in order to better integrate those programs with the other programs of the IHE.

Each LEA must match every two dollars in Federal funding with one dollar of its own resources, which can come from other Federal programs, such as Title I of the Elementary and Secondary Education Act, or from non-Federal sources. Of the total allocation, LEAs can retain up to 20 percent for district-wide activities and must use at least 80 percent for school-level activities that provide professional development for significant numbers of teachers. Examples of allowable activities include: (1) peer training and mentoring programs for teachers and administrators; (2) partnerships between LEAs and IHEs to encourage teachers to pursue professional development at an IHE as well as to support student teachers in utilizing their newly acquired skills in the classroom; (3) professional development activities designed to increase the representation of members of underrepresented groups in the teaching force; and (4) training on how to involve parents more effectively in education in the core academic subjects.

The Eisenhower Professional Development State Grants program is a forward-funded program. Funds are available for obligation from July 1 of the fiscal year in which they are appropriated through September 30 of the following year.

Funding levels for this program for the past 5 fiscal years are as follows:

	(\$ in 000s)
1991	\$202,008 ¹
1992	240,000 ¹
1993	246,016 ¹
1994	250,998 ¹
1995	320,298

¹ Adjusted for comparability. Prior to fiscal year 1995, funds were provided for the Eisenhower Mathematics and Science State Grant program.

1996 BUDGET REQUEST

In support of the goal of enabling all teachers to prepare their students to meet high standards, the Administration requests \$735 million for Eisenhower Professional Development State Grants, a \$414.7 million increase over the fiscal year 1995 appropriation for the program. This request is also a \$67.5 million increase over the comparable fiscal year 1995 combined appropriation for the Eisenhower Professional Development State Grants and the Innovative Education Program Strategies program.

SCHOOL IMPROVEMENT PROGRAMS

Professional development and program innovation: Eisenhower professional development State grants

Attainment of the National Education Goals that: (1) all students will demonstrate mastery of challenging subject matter; and (2) U.S. students will be first in the world in mathematics and science achievement by the year 2000 will require a comprehensive reform of the education system. Ensuring that teachers, administrators, and other members of the school community are capable of preparing their students to meet high standards is a critical component of this reform strategy. Clearly, educators will need training and retraining if they are to teach students to challenging new standards, and the Eisenhower program is the Federal Government's major vehicle for supporting that training.

In a recent study, the Carnegie Foundation for the Advancement of Teaching found that 20 percent of teachers felt that they were teaching subjects that they were unqualified to teach. A study by the National Science Foundation reported that nearly one-half of the Nation's more than 2 million mathematics and science teachers, especially those at the elementary level, require extensive upgrading in both disciplinary competency and pedagogical skills.

This program goes beyond the two disciplines of mathematics and science to encompass all the core academic subject areas. This funding request, coupled with the local match, would enable each district to receive funds to undertake significant professional development for all teachers and other educators. With appropriate funding, this program will, over time, provide every teacher with the high-quality, intensive professional development needed to raise the level of teaching and learning in America's classrooms.

IMPACT DATA (\$ in 000s)

	1994	1995	1996
<u>Eisenhower Professional Development State Grants</u>			
Largest State grant	—	\$35,201	\$80,692
Minimum State grant	—	1,585	3,638
Average State grant	—	6,098	13,993
Average SEA grant	—	5,122	11,754
Average SAHE grant	—	976	2,239
Average award per district			
Federal share	—	16	36
Local match	—	8	18
Total	—	24	54

SCHOOL IMPROVEMENT PROGRAMS

Professional development and program innovation: Eisenhower professional development State grants

IMPACT DATA (\$ in 000s) — continued

	1994	1995	1996
Amount spent on professional development	—	\$24	\$54
Federal funding for professional development per teacher (whole dollars)	—	98	224
Amount for Outlying Areas	—	1,601	3,675
Amount for BIA	—	1,601	3,675

Eisenhower Mathematics and Science State Grants

Largest State grant	\$26,990	—	—
Minimum State grant	1,242	—	—
Average State grant	4,779	—	—
Average SEA grant	3,584	—	—
Average SAHE grant	1,195	—	—
Average award per district	11	—	—
Amount spent on professional development	11	—	—
Federal funding for professional development per teacher (whole dollars)	68	—	—
Amount for Outlying Areas	1,255	—	—
Amount for BIA	1,255	—	—

SCHOOL IMPROVEMENT PROGRAMS

Professional development and program innovation: Innovative education program strategies State grants

(Elementary and Secondary Education Act of 1965, Title VI)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$347,250	0	-\$347,250

PURPOSE AND METHOD OF OPERATION

The Innovative Education Program Strategies State Grant program makes grants to State and local educational agencies for activities intended to help meet the National Education Goals and assist in the reform of elementary and secondary education. Up to 1 percent of the total appropriation is to be reserved for the Outlying Areas. Funds are awarded to States by a formula based on school-aged population and then to local districts under a State-determined formula that is based on enrollment as well as other factors, such as low-income status or population sparsity, that give greater weight to children who are more expensive to educate. Up to 15 percent of each State's allocation may be retained by the State educational agency (SEA) for administration, technical assistance, and other State-level activities.

Local educational agencies (LEAs) must use program funds to carry out activities in the following broad areas: (1) obtaining technology and training in that technology related to the implementation of school-based reform; (2) acquiring and using educational materials; (3) educational reform projects such as "effective schools" and magnet schools; (4) improving educational services for disadvantaged students; (5) combatting illiteracy among children and adults; (6) addressing the educational needs of gifted and talented children; (7) implementing school reform activities consistent with Goals 2000; and (8) implementing the school improvement and parental involvement activities authorized under ESEA Title I. Studies of this program's predecessor, the "Chapter 2" block grant, revealed that approximately 40 percent of LEA resources went to the purchase of instructional materials, while 13 percent was used for professional development and 9 percent for innovative school improvement programs. The remaining funds went to support programs for at-risk students as well as programs for student achievement and school enhancement.

SCHOOL IMPROVEMENT PROGRAMS

Professional development and program innovation: Innovative education program strategies State grants

Funding levels for Innovative Education Program Strategies and its predecessor, Chapter 2, for the past 5 fiscal years are as follows:

	(\$ in 000s)
1991	\$449,884 ¹
1992	450,000 ¹
1993	435,488 ¹
1994	369,500 ¹
1995	347,250

¹ Adjusted for comparability. Prior to fiscal year 1995, funds were provided for ESEA Title I, Chapter 2 State and Local Programs.

1996 BUDGET REQUEST

The Administration proposes to eliminate funding for the Innovative Education Program Strategies State Grant program and redirect its resources to Eisenhower Professional Development. Like its predecessor, Chapter 2, the Innovative Education Program authority is not well designed to support the types of State and local efforts most likely to result in real improvements in teaching and learning. Rather, the authority is so broad and all-encompassing that almost any type of education expenditure is eligible for support. As noted, evaluations of Chapter 2 found that school districts infrequently used program funds for truly reform-oriented activities; instead, the program was typically used to purchase curriculum materials and to carry out other routine activities. The program is also duplicative of other Federal programs such as, the Goals 2000: Educate America Act. Program funds should be redirected to the Eisenhower program to enable more teachers to participate in sustained, high-quality professional development.

IMPACT DATA (\$ in 000s)

	1994	1995	1996
<u>Title VI - Innovative Education Program Strategies</u>			
Largest State grant	---	\$40,181	0
Minimum State grant	---	1,724	0
Average State grant	---	6,631	0
Average award per district	---	19	0
Amount spent on professional development ¹	---	3	0
Funding for professional development per teacher (whole dollars)	---	16	0
Amount for Outlying Areas	---	2,431	0

SCHOOL IMPROVEMENT PROGRAMS

Professional development and program innovation: Innovative education program strategies State grants

IMPACT DATA (\$ in 000s) -- continued

	1994	1995	1996
<u>Chapter 2 State and local programs</u>			
Largest State grant	\$42,626	---	---
Minimum State grant	1,833	---	---
Average State grant	7,051	---	---
Average award per district	19	---	---
Amount spent on professional development ¹	3	---	---
Funding for professional development per teacher (whole dollars)	16	---	---
Amount for Outlying Areas	2,871	---	---

¹ According to Chapter 2 annual reports, LEAs spent approximately 13 percent of their Chapter 2 funding on professional development.

SCHOOL IMPROVEMENT PROGRAMS

Safe and drug-free schools and communities: State grants

(Elementary and Secondary Education Act of 1965, Title IV, Part A, Subpart 1)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$456,962	\$465,000	+\$8,038

PURPOSE AND METHOD OF OPERATION

The Safe and Drug-Free Schools and Communities (SDFSC) State Grants program is designed to help make our Nation's schools safe and drug free by supporting comprehensive, integrated approaches to drug and violence prevention.

From the total appropriation, 1 percent is reserved for the Outlying Areas, 1 percent is reserved for the Bureau of Indian Affairs for programs for Indian youth, 0.2 percent is reserved for programs for Native Hawaiians, and up to \$1 million may be reserved for a mandated national impact evaluation of the program. The remaining funds are available for State grants. This is a forward-funded program. Funds are available for obligation to the States from July 1 of the fiscal year in which they are appropriated through September 30 of the following fiscal year.

Under the new reauthorization, State grant funds are allocated half on the basis of school-aged population and half on the basis of State shares of Title I funding, provided that no State receives less than 0.5 of 1 percent of the total. Of each State's allocation, 80 percent is administered by the State educational agency (SEA) and 20 percent by the Governor.

To receive a grant, a State submits an application that: (1) contains the results of the State's needs assessment for drug and violence prevention programs, including data on the prevalence of drug use and violence by youth in schools and communities; and (2) articulates measurable goals and objectives for drug and violence prevention and a description of the procedures it will use for assessing and publicly reporting progress toward meeting those goals and objectives. States are required to report to the Secretary every 3 years on the implementation and effectiveness of their programs and on the State's progress toward attaining its goals for drug and violence prevention.

State and Local Educational Agency Programs

SEAs are authorized to reserve up to 5 percent of their allocations for state-wide initiatives such as training and technical assistance; the development, identification, dissemination, and evaluation of curriculum materials; demonstration projects; supplemental financial

SCHOOL IMPROVEMENT PROGRAMS

Safe and drug-free schools and communities: State grants

assistance to local educational agencies (LEAs) with special needs; and evaluation. SEAs may also reserve up to an additional 4 percent for program administration, and must subgrant at least 91 percent to their LEAs. LEA allocations are based 70 percent on enrollment and 30 percent on "high need." Criteria for determining high-need LEAs are determined by each SEA and may include such factors as high rates of alcohol or other drug use among youth, high rates of victimization of youth by violence and crime, and high rates of arrests and convictions of youth for violent or drug- or alcohol-related crime. High-need funds may go to no more than 5 LEAs or 10 percent of the LEAs in each State, whichever is greater.

An LEA desiring to receive a grant must develop an application for funding in consultation with a local or substate regional advisory council. The application, which is submitted to the SEA for funding, must include such items as: (1) an assessment of the current alcohol, tobacco, and other drug problems, and of the violence, safety, and discipline problems among students who attend the schools of the applicant; (2) a detailed explanation of the LEA's comprehensive plan for drug and violence prevention, and how it is consistent with, and promotes the goals in, the State's funding application; and (3) a statement of the LEA's measurable goals for drug and violence prevention, and a description of how it will assess and publicly report progress toward attaining these goals.

Each LEA participating in the program must use its SDFSC funds to implement a comprehensive drug and violence prevention program for students and employees that includes activities to promote the involvement of parents and coordination with community groups and agencies. Within this context, LEAs are authorized to use their SDFSC funds for a wide range of related activities. However, an LEA may not use more than 20 percent its SDFSC allocation to support "safe zones of passage" for students between home and school and to acquire and install metal detectors and hire security personnel, and may use SDFSC funds for these activities only if it does not receive funding for these activities from other Federal agencies.

Governors' Funds

Governors' funds are targeted on parent groups, community action and job training agencies, community-based organizations, and other public and private nonprofit organizations for community-based drug and violence prevention programs and activities. Such programs and activities may include, but are not limited to: (1) disseminating information; (2) training parents, law enforcement and judicial officials, social service and health care providers, and community leaders; (3) linking community resources with schools, and integrating services involving education, vocational and job skills training, law enforcement, health, and other appropriate agencies and organizations; (4) coordinating the efforts of State agencies with those of the SEA and LEAs in the State; (5) protecting students traveling to and from school; (6) coordinating and conducting community-wide violence and safety assessments and surveys; and (7) program evaluation.

SCHOOL IMPROVEMENT PROGRAMS

Safe and drug-free schools and communities: State grants

In funding projects, Governors must give priority to programs and activities for children and youth who are not normally served by SEAs or LEAs, or for populations that need special services or additional resources (such as preschoolers, youth in juvenile detention facilities, runaway or homeless children or youth, and school dropouts).

Governors may use up to 5 percent of their funds for program administration, and are required to use at least 10 percent for "law enforcement education partnerships" through such projects as: Drug Abuse Resistance Education (DARE) and other programs that include classroom instruction by uniformed law enforcement officials who teach students to resist pressures that influence them to use alcohol and other drugs; Project Legal Lives and other programs in which district attorneys provide classroom instruction in the law and legal system that emphasizes interactive learning techniques, such as mock trial competitions; partnerships between law enforcement and child guidance professionals; and before- and after-school activities.

Funding levels for the State grant program for the past 5 fiscal years, which have not been adjusted for comparability, are as follows:

	(\$ in 000s)
1991	\$497,702
1992	507,663
1993	498,565
1994	369,500
1995	456,962

1996 BUDGET REQUEST

For 1996, the Administration proposes to fund Safe and Drug-Free Schools and Communities State Grants program at \$465 million, an increase of \$8 million (1.8 percent) over the 1995 appropriation.

Sustained funding for this program is essential if the Federal Government is to support seriously the National Education Goal that, by the year 2000, all schools in America will be free of drugs and violence and offer a disciplined environment conducive to learning. The program also indirectly supports each of the other National Education Goals by facilitating attainment of the drug- and violence-free condition that is necessary for the other Goals to be achieved, and is an important component of the National Drug Control Strategy to reduce the demand for and use of drugs throughout the Nation and to eradicate drugs from the Nation's schools.

SCHOOL IMPROVEMENT PROGRAMS

Safe and drug-free schools and communities: State grants

Alcohol, tobacco, and other drug use continues to be a serious problem for school-aged youth. In fact:

- Drug use is on the rise. According to the 1994 "Monitoring the Future" study (one of the most comprehensive surveys of drug-related behavior and attitudes of youth in the country), overall use of drugs by 8th, 10th, and 12th graders has increased for the third year in a row. Marijuana use increased significantly – 13 percent of 8th graders experimented with it in 1994, more than twice the level in 1991. Notable increases were also reported for use of hallucinogens (including use of LSD among 8th graders), heroin (among 8th graders), and crack and other cocaine. Of equal or greater significance, the survey found a continuing decline in the percentage of students who perceive many of these drugs to be dangerous.
- Use of alcohol and other drugs is widespread and begins early. According to the Monitoring the Future survey, in 1994, 26 percent of graders used alcohol regularly. Many also had tried stimulants (12 percent) and inhalants (20 percent). Among 12th graders, 50 percent used alcohol regularly, and 46 percent had tried an illegal drug at some time during their lives.

Youth also are disproportionately the victims of crime and violence, particularly at or near school. Furthermore, today's school crimes are more violent than in past years and involve children at younger ages.

- Among 8th, 10th, and 12th graders surveyed nationally in 1992, nearly 20 percent had been threatened with a weapon and almost 10 percent injured by a weapon at school. One out of every five high school students regularly carries a gun, knife, or club. Students in central cities are also more likely than suburban students to fear attack at school and to avoid certain public places.
- Nearly 3 million thefts and violent crimes occur on or near school campuses every year -- almost 16,000 incidents per day. Twelve percent of violent crimes in schools involve weapons. Nearly 500,000 teenagers are victimized annually by a violent crime occurring at or near school.

Despite these sobering statistics, prevention efforts can be successful, as noted in the Department's forthcoming report to Congress on evidence for effectiveness in school-based drug prevention programs. While the Department does not yet have an evaluation of the impact of the Drug-Free Schools and Communities program (a 5-year study of the effectiveness of school-based prevention programs is due for completion in early 1996), interim findings from this study, and findings from a study of the implementation of the program in the late 1980's, confirm that these grants are supporting substantial drug prevention efforts throughout the country. The changes adopted under the recent reauthorization should improve the program and further increase its promise of success.

SCHOOL IMPROVEMENT PROGRAMS

Safe and drug-free schools and communities: State grants

IMPACT DATA (\$ in 000s)

	1994	1995	1996
Grants to States:	\$365,210	\$445,909	\$453,770
Amount to SEAs and LEAs	274,232	356,727	363,016
Amount for Governors	90,978	89,182	90,754
Average State award	7,023	8,575	8,726
Smallest State award	1,810	2,230	2,269
Largest State award	41,907	49,771	50,320
Set-Aside for Outlying Areas	4,290	4,570	4,650
Set-Aside for BIA schools	5,437 ¹	4,570	4,650
Set-Aside for evaluation	—	1,000	1,000
Programs for Native Hawaiians	1,094 ¹	913	930

¹ Adjusted for comparability Funds for Programs for Indian Youth and Programs for Native Hawaiians were appropriated under National Programs.

SCHOOL IMPROVEMENT PROGRAMS

Safe and drug-free schools and communities: National programs

(Elementary and Secondary Education Act of 1965, Title IV, Part A, Subpart 2)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$25,000	\$35,000	+\$10,000

PURPOSE AND METHOD OF OPERATION

Safe and Drug-Free Schools and Communities National Programs provides discretionary funds to carry out a national leadership program for prevention of the illegal use of drugs and violence among, and promote safety and discipline for, students at all educational levels. These programs may include, but are not limited to:

- Model programs for training of school personnel, parents, and members of the community;
- Rigorously evaluated demonstrations of innovative approaches to drug and violence prevention;
- Direct services to school systems with especially severe drug and violence problems, including those in areas designated as empowerment zones or enterprise communities, in order to connect them with community-wide efforts to reduce drug and violence problems;
- Financial and technical assistance to institutions of higher education for model drug prevention and campus safety programs for students attending such institutions;
- Grants to local educational agencies and community-based organizations for the purpose of providing assistance to localities most directly affected by hate crimes;
- Drug and violence prevention program evaluation; and
- Other Federal initiatives that address unmet national needs relating to the purposes of the statute, including developing and disseminating model curricula and other drug and violence prevention information and materials.

This new authority replaces: (1) the former Drug-Free Schools and Communities (DFSC) National Programs authorities for grants to institutions of higher education for model demonstrations and postsecondary prevention programs, and for Federal discretionary activities; (2) the former DFSC School Personnel Training and Emergency Grants

SCHOOL IMPROVEMENT PROGRAMS

Safe and drug-free schools and communities: National programs

authorities; and (3) programs for Indians and Native Hawaiians, which are now funded under a set-aside of Safe and Drug-Free Schools and Communities State grant funds. The former DFSC Regional Centers are being consolidated under the Department's new program of Comprehensive Regional Assistance Centers, for which funding is requested separately in this account.

Funding levels for the past 5 fiscal years, which have not been adjusted for comparability, are as follows (\$ in 000s):

	<u>National Programs</u>	<u>School Personnel Training</u>	<u>Emergency Grants</u>
1991	\$60,913	\$23,395	\$24,331
1992	62,133	23,863	30,304
1993	61,496	13,614	24,552
1994	59,496	13,614	24,552
1995	25,000	—	—

1996 BUDGET REQUEST

For 1996, the Administration proposes to fund Safe and Drug-Free Schools and Communities National Programs at \$35 million, an increase of \$10 million over the 1995 appropriation. Recent data indicate that drug use, violence, and crime continue to be serious problems for school-aged youth. In fact, according to a recent Gallup Poll, the public now rates school crime and violence as the most serious problem facing America's schools. Data on drug use and acts of violence among college and university students — especially on incidents of alcohol-related violence — are equally alarming.

The Department is currently in the process of determining priorities for Safe and Drug-Free Schools and Communities National Programs funds in 1996. Consequently, the amounts shown under the impact data that follow are preliminary estimates only. These priorities include:

- Grants to LEAs to support programs to develop and implement alternatives to suspension for youth who are removed from school because of their drug use or violent behavior, so that they can return to school and complete graduation requirements;
- Direct service grants for comprehensive, community-wide prevention activities in areas with high rates of drug use and violence;
- Assistance to institutions of higher education for drug and violence prevention activities for students enrolled in postsecondary education; and

SCHOOL IMPROVEMENT PROGRAMS

Safe and drug-free schools and communities: National programs

- National leadership activities such as development and dissemination of curricular, training, and other printed and audio-visual materials for classroom use.

Through expenditure of limited funds at the national level, the Department can lead the way in the development, testing, and dissemination of new approaches to tackling the school drug abuse and violence problems. Activities undertaken through these efforts can have a "multiplier" effect when the results are shared with States and localities nationwide. In 1996, funds would be targeted to support a variety of programs and projects in areas of unmet national needs, consistent with the National Drug Control Strategy.

IMPACT DATA (\$ in 000s)

	1994	1995	1996
<u>National Programs</u>			
Alternative programs initiative:			
Discretionary grant funds available	---	\$2,900	\$10,000
Number of new awards	---	4	10
Number of continuation awards	---	---	4
Average award	---	\$725	\$715
Technical assistance to States	---	\$1,500	0
Materials development and dissemination	---	\$1,500	0
Direct service grants			
Total funds available	---	0	\$3,000
Number of new awards	---	0	6
Average award	---	0	\$500
Postsecondary education programs	---	0	\$8,000
Interagency agreements	---	0	\$3,000
Materials development and dissemination	---	\$1,000	\$4,000
Evaluation	---	\$100	\$3,000
Other activities	---	0	\$2,150
Peer review of applications for new awards	---	\$100	\$350
Continuation awards for projects begun in 1994 under prior legislation	---	\$17,900	\$1,500

SCHOOL IMPROVEMENT PROGRAMS

Safe and drug-free schools and communities: National programs

IMPACT DATA (\$ in 000s) — continued

	1994	1995	1996
<u>National Programs</u> — continued			
Demonstration programs conducted by IHEs:			
Total funds available	\$4,808	—	—
Number of new awards	0	—	—
Number of continuation awards	15	—	—
Average award	\$327	—	—
Prevention programs for students enrolled in IHEs:			
Total funds available	\$14,412	—	—
Number of new awards	113	—	—
Number of continuation awards	9	—	—
Average award	\$113	—	—
Peer review of new award applications	\$29	—	—
Federal activities:			
Total funds available	\$18,150	—	—
Grant program			
Total funds available	\$5,938	—	—
Number of new awards	12	—	—
Number of continuation awards	15	—	—
Average award	\$220	—	—
Development and dissemination of materials	\$4,485	—	—
Training and technical assistance center for postsecondary education institutions	\$2,050	—	—
Evaluation	\$1,290	—	—
Drug-Free School Recognition program	\$990	—	—
Interagency activities	\$2,000	—	—
Other activities	\$1,397	—	—

SCHOOL IMPROVEMENT PROGRAMS

Safe and drug-free schools and communities: National programs

IMPACT DATA (\$ in 000s) — continued

	1994	1995	1996
<u>School Personnel Training</u>			
Total funds available	\$13,614	---	---
Number of new awards	72	---	---
Number of continuation awards	26	---	---
Average award	\$138	---	---
Peer review of new award applications	\$110	---	---
<u>Emergency Grants</u>			
Total funds available	\$24,552	---	---
Number of new awards	17	---	---
Number of continuation awards	31	---	---
Average award	\$510	---	---
Peer review of new award applications	\$87	---	---

SCHOOL IMPROVEMENT PROGRAMS

Education infrastructure

(Elementary and Secondary Education Act of 1965, Title XII)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1995 Revised</u>	<u>1996</u>	<u>Change from 1995 Revised</u>
\$100,000	0	0	0

PURPOSE AND METHOD OF OPERATION

The purpose of this new program is to assist local educational agencies (LEAs) to repair, renovate, or rebuild school facilities. Grants for school construction assistance are to be made to LEAs that demonstrate minimum eligibility for the program and subsequently compete successfully for awards.

To be eligible to compete for funds, an LEA must demonstrate: (1) that at least 15 percent of the children that reside in the geographic area served by the LEA are eligible to be counted under ESEA Title I, or Federal property within the LEA has an assessed value aggregating at least 90 percent of the assessed value of all real property; and (2) that it has urgent repair, renovation, alteration, and construction needs for its elementary or secondary schools. Over 7,000 LEAs meet these minimum eligibility requirements.

The statute authorizes the Secretary to allocate funds among six categories of LEAs, based on size, using criteria that include the relative numbers or percentages of students counted for Title I LEA grants and the relative costs of carrying out the authorized construction activities.

Awards within each category are to be based on the following criteria: (1) the number or percentage of children eligible to be counted for Title I; (2) the extent to which the LEA lacks the fiscal capacity to undertake the construction project without Federal assistance; (3) the threat the condition of the physical plant poses to the safety and well-being of students; (4) the demonstrated need for the construction, reconstruction, or renovation based on the condition of the facility; (5) the age of the facility to be renovated or replaced; and (6) such other criteria as the Secretary may prescribe. The Department is currently considering objective measures of these criteria that can be used to rank applicants and make awards.

SCHOOL IMPROVEMENT PROGRAMS**Education infrastructure**

Funding levels for the past 5 fiscal years are as follows:

	(\$ in 000s)
1991	0 ¹
1992	0 ¹
1993	0 ¹
1994	0 ¹
1995	\$100,000

¹ This program was not authorized prior to 1995.

1995 REVISED REQUEST

The Administration proposes that funds appropriated for this new program for fiscal year 1995 be rescinded. The construction and renovation of school facilities has traditionally been the responsibility of State and local governments, financed primarily by local taxpayers; we are opposed to the creation of a new Federal grant program for school construction.

The Administration will again propose legislation to assist LEAs with school construction by expanding the authority of the College Construction Loan Insurance Association (Connie Lee) to make loans to LEAs, thus increasing LEAs' access to private capital. This proposal would provide the most cost-effective construction assistance to the largest number of LEAs.

1996 BUDGET REQUEST

No funds are requested for this program for 1996. For the reasons explained above, the Administration opposes the creation of a new Federal grant program for school construction.

IMPACT DATA (\$ in 000s)

	1994	1995	1995 Revised	1996
Number of awards	—	75-100	0	0
Average award	—	\$1,200	0	0

SCHOOL IMPROVEMENT PROGRAMS

Inexpensive book distribution

(Elementary and Secondary Education Act of 1965, Title X, Part E)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$10,300	\$10,300	0

PURPOSE AND METHOD OF OPERATION

The Inexpensive Book Distribution program awards a contract to Reading Is Fundamental, Inc. (RIF) to provide, through aid to local nonprofit groups and organizations, reading motivation activities that encourage reading both inside and outside school by allowing youngsters to choose books to keep at home.

Federal funds provide up to 75 percent of the costs of books, with the remainder obtained from private and local sources. Migrant and seasonal farmworker programs may receive up to 100 percent of the costs of books. RIF, in selecting its nonprofit recipients, must give priority to groups that serve a number of children with special needs such as children from low-income families, homeless children, and children with disabilities.

Funding levels for the past 5 fiscal years are as follows:

	(\$ in 000s)
1991	\$9,271
1992	10,000
1993	10,029
1994	10,300
1995	10,300

1996 BUDGET REQUEST

The Administration requests \$10.3 million for the Inexpensive Book Distribution program in 1996, the same as the 1995 appropriation.

RIF is an established organization well known for its efforts to address the problem of illiteracy through prevention and to improve the academic attainment of children. RIF projects presently reach more than 400,000 children between the ages of 3 and 5. Many of these preschoolers are in Head Start or Even Start and the RIF book program often provides their first exposure to books. These projects also emphasize active parental involvement in motivating their children to read. By serving preschool children and involving

SCHOOL IMPROVEMENT PROGRAMS

inexpensive book distribution

their parents as their first teachers, this program directly addresses the National Education Goal that all children in America will start school ready to learn. Through its partnerships with community organizations such as Kiwanis International, RIF also maintains low administrative costs by effectively utilizing volunteers.

In 1992, in response to a Congressional directive, the Department undertook a financial and programmatic evaluation of RIF. The evaluation found that this is the only program that supplies inexpensive books to children on a national scale. However, the evaluation also found that provisions that require RIF to give priority in project selection to projects serving high numbers of special-needs children have had little impact because the rate of turnover in funded projects is very low. The Department will continue to work with RIF on identifying methods of directing a greater share of funds to poor and other needy communities.

IMPACT DATA (\$ in 000s)

	1994	1995	1996
Book Funds			
Federal share	\$7,994	\$7,989	\$7,980
Local match	<u>\$2,575</u>	<u>\$2,575</u>	<u>\$2,575</u>
Total	\$10,569	\$10,564	\$10,555
 Books distributed	 7,994,000	 7,609,000	 7,238,000
Children served	2,498,000	2,378,000	2,262,000
 Average Federal share per child (whole dollars)	 \$4.12	 \$4.33	 \$4.55
Federal cost per book (whole dollars)	\$1.00	\$1.05	\$1.10
Books per child (average)	3+	3+	3+
 Technical assistance	 \$1,188	 \$1,204	 \$1,220
Support services and management	\$1,118	\$1,107	\$1,100

SCHOOL IMPROVEMENT PROGRAMS

Arts in education

(Elementary and Secondary Education Act of 1965, Title X, Part D, Subpart 1)

1996 Authorization (\$ in 000s): Indefinite¹

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$12,000	\$10,000	-\$2,000

¹ If the appropriation for any fiscal year is \$9 million or less, funds for this program may be used only for model projects and programs in the performing arts for children and youth through arrangements made with the John F. Kennedy Center for the Performing Arts, and for model projects and programs by Very Special Arts that assure the participation in mainstream settings in arts and education programs of individuals with disabilities.

PURPOSE AND METHOD OF OPERATION

The Arts in Education program makes awards to:

- The John F. Kennedy Center for the Performing Arts for its arts education program; and
- Very Special Arts, whose programs encourage the involvement of disabled people in the arts, and foster greater awareness of the need for arts programs for the disabled.

The program also authorizes national demonstration and Federal leadership activities to encourage the integration of the arts into the school curriculum. Allowable activities include: (1) research in arts education, (2) development of model arts education assessments, (3) development and implementation of curriculum frameworks in the arts, and (4) development of model professional development activities in the arts for teachers and administrators.

Funding levels for the past 5 fiscal years are as follows:

	(\$ in 000s)
1991	\$4,392
1992	8,600 ¹
1993	6,944
1994	8,944
1995	12,000 ²

¹ A one-time increase was provided in fiscal year 1992 to allow the grantees to switch funding cycles and begin receiving their awards on or around July 1 instead of October 1.

² A one-time appropriation of \$3 million was provided in fiscal year 1995 to Very Special Arts to support the Louisiana International Learning and Technology Center.

SCHOOL IMPROVEMENT PROGRAMS

Arts in education

1996 BUDGET REQUEST

For fiscal year 1996, the Administration is proposing \$10 million for the Arts in Education program to continue support, at the current level, for the programs of the Kennedy Center and Very Special Arts and to initiate national leadership activities in arts education. This amount does not provide further funding for the Louisiana International Learning and Technology Center, which is receiving one-time assistance in fiscal year 1995 through the Very Special Arts organization.

The arts are essential to a well-rounded education and can serve as a motivating force to help all students, including (and often especially) members of at-risk groups, learn to high standards. Recent studies sponsored by the National Endowment for the Arts (NEA) confirm that strong arts programs in schools can increase motivation to learn, decrease student violence, enhance general learning achievement, and foster connections to the broader community. Yet, too often, the arts are given short shrift in America's schools. The Department's leadership efforts, in collaboration with related agencies and organizations, will work to ensure that the arts assume an integral role within the elementary and secondary education. To coordinate these efforts, an interagency group, Goals 2000 Arts Education Action Planning Partnership, has been formed between the Department and the NEA with active participation from over 120 representatives from the business, foundation, and arts education communities.

With funding from the Arts in Education program, the Department will complement the work of the Goals 2000 Arts Partnership by supporting community partnerships that either involve parents and families directly in the arts education of their children or that develop the capacity of educators and/or community organizations to work with parents and students to achieve challenging national, State, or local arts standards. These leadership activities will enhance the Secretary's parental involvement initiative to involve parents more in their children's learning at home, at school, and in the community. These efforts will also support and augment the work of the Goals 2000: Educate America Act State parent resource centers.

IMPACT DATA (\$ in 000s)

	1994	1995	1996
Very Specials Arts			
Total funds available	\$4,968	\$7,996 ¹	\$4,996
Festivals	595	625	625
State-initiated projects	385	400	400
National programs implemented	187	210	210
Participants	1,409,000	1,451,000	1,451,000
Persons trained	79,981	81,000	81,000
District/local sites	933	950	950

SCHOOL IMPROVEMENT PROGRAMS

Arts in education

IMPACT DATA (\$ in 000s) - continued

	1994	1995	1996
John F. Kennedy Center for the Performing Arts			
Total funds available	\$3,976	\$4,004	\$4,004
Participants:			
Performances for Youth and Families	72,000	87,000	87,000
Alliance for Arts Education	2,595,000	2,600,000	2,600,000
Festivals and Special Projects	3,441,000	3,400,000	3,400,000
Internship programs	63	50	50
Professional Development			
Opportunities for Teachers	1,600	1,400	1,400
Performance Plus	11,000	11,000	11,000
National Symphony Orchestra (NSO)			
Education Activities	62,000	62,000	62,000
NSO America Residencies	50,000	50,000	50,000
National Arts and Education			
Information Network	10,000	20,000	20,000
Model Community Outreach Initiatives	20,000	19,000	19,000
Events for Students:			
Events	8,500	9,000	9,000
Residencies	6,400	6,500	6,500
American College Theater Festival:			
Students	20,000	20,000	20,000
Teachers	3,000	3,000	3,000
Audience	500,000	500,000	500,000
Arts Centers and Schools			
Teachers served	8,900	9,000	9,000
Imagination Celebration	452,000	500,000	500,000

SCHOOL IMPROVEMENT PROGRAMS

Arts in education

IMPACT DATA (\$ in 000s) - continued

	1994	1995	1996
Federal Activities			
Total funds available	—	—	\$975
Number of awards	—	—	10
Average grant	—	—	\$97
Peer review of new award applications	—	—	\$25

¹ Includes the one-time 1995 appropriation of \$3 million to Very Special Arts to support the Louisiana International Learning and Technology Center.

SCHOOL IMPROVEMENT PROGRAMS

Instruction in civics, government, and the law

(Elementary and Secondary Education Act of 1965, Part F, Section 10602)

1996 Authorization (\$ in 000s): Indefinite¹

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1995 Revised</u>	<u>1996</u>	<u>Change from 1995 Revised</u>
\$5,899	0	0	0

¹ Of the total appropriated for Part F of Title X, 40 percent is to be reserved for instruction on the history and principles of democracy in the United States under section 10601 and 60 percent is to be reserved for instruction in civics, government, and the law under section 10602, provided that each of these programs is funded at not less than the amount funded in 1994 under prior legislation.

PURPOSE AND METHOD OF OPERATION

The purpose of this program is to equip students with knowledge and skills pertaining to the law, the legal process, the legal system, and the fundamental principles and values of U.S. citizenship. Competitive grants are awarded to State and local educational agencies as well as other public or private agencies, organizations, or institutions.

Funding levels for the past 5 fiscal years are as follows:

	(\$ in 000s)
1991	\$5,855 ¹
1992	6,000 ¹
1993	5,952 ¹
1994	5,952 ¹
1995	5,899

¹ Adjusted for comparability. Prior to fiscal year 1995, funds were provided for the Law-related education program.

1995 REVISED REQUEST

The Administration proposes that the 1995 funding for this program be rescinded. Since the early 1980's, this program has promoted civics, government, and law education programs in schools. During this time, programs have been developed, teachers trained, and programs successfully institutionalized throughout the country. Over the years, a number of grantees have repeatedly received program grants. Therefore, these well-established programs

SCHOOL IMPROVEMENT PROGRAMS

Instruction in civics, government, and the law

should now be able to continue without further Federal assistance. It is no longer necessary to have a discretionary program focused exclusively on law-related education.

The proposed rescission of funding for this program is consistent with the findings of the National Performance Review which recommended elimination of this program because it has already achieved its purpose and is duplicative of other Federal programs. Other Department programs will continue to address society's concern about increasing crime and declining character values. The Safe and Drug-Free Schools programs, for example, promote the development of comprehensive strategies, undertaken in conjunction with the law-enforcement community and other local organizations, to keep our schools safe and free of drugs and violence. The Department will also continue its support for the Civic Education and International Education Exchange programs in the "Research, Statistics, and Improvement" account. Programs such as these will help students recognize the importance of understanding of, and respect for, the law.

1996 BUDGET REQUEST

The Administration does not propose funding for this program in 1996. Consistent with the policy for 1995, the Administration believes this program has accomplished its objectives and is duplicative of other Department programs.

IMPACT DATA (\$ in 000s)

	1994	1995	1995 Revised	1996
Amount for New Awards	\$3,777	\$1,391	0	0
Number of New Awards	22	8	0	0
Average New Award	\$172	\$174	0	0
Amount for Continuation Awards	\$2,136	\$4,472	0	0
Number of Continuation Awards	12	26	0	0
Average Continuation Award	\$177	\$172	0	0
Peer review of new award applications	\$39	\$36	0	0

SCHOOL IMPROVEMENT PROGRAMS

Christa McAuliffe fellowships

(Higher Education Act, Title V, Part C, Subpart 2)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$1,946	0	-\$1,946

PURPOSE AND METHOD OF OPERATION

The Christa McAuliffe Fellowship program provides fellowships to teachers for projects to improve education through sabbaticals for study, research, or academic improvement; consultation with or assistance to other school districts or private schools; development of innovative programs; development of partnerships between schools and the business community; development of programs that utilize new technologies to help students learn; and expansion or replication of model staff development programs. Public or private elementary or secondary school teachers who have been employed as teachers for 8 or more years may receive fellowships, in an amount equivalent to their regular monthly salary, for up to 12 months. A fellow may not receive an award for 2 consecutive years and must, unless excused by the Secretary for extraordinary reasons, return to a teaching position in his or her current school district for at least 2 years following the completion of the fellowship.

Christa McAuliffe fellows in each State are selected by a seven-member statewide panel. The panels establish operating procedures for the fellowship process, disseminate information and application materials, and consult with local educational agencies in the evaluation of applications from teachers.

The Secretary may reserve up to 1 percent of the total appropriation for activities that foster communication among fellows, including written correspondence, meetings, and training sessions, and for the collection and dissemination of information on exemplary fellowship projects. The Secretary may also reserve up to \$1 million between 1993 and 1997 for an evaluation of the program. The remaining funds are distributed to the States on the basis of school-aged population.

Each State educational agency may use up to 3 percent of its allocation for program administration, and must use the remaining funds for individual fellowships. The Secretary may adjust the States' allocations to ensure that each State receives sufficient funds to support at least one fellowship. In fiscal years 1994 and 1995, the Secretary adjusted the States' allocations so that no State received less than 103 percent of its average public school teacher salary. This allocation permits all States to use up to 3 percent of their

SCHOOL IMPROVEMENT PROGRAMS

Christa McAuliffe fellowships

awards for administrative costs, and also provides all States with, at a minimum, their full average teacher salary for fellowships.

Funding levels for the past 5 fiscal years are as follows:

	(\$ in 000s)
1991	\$1,954
1992	2,000
1993	1,964
1994	1,964
1995	1,946

1996 BUDGET REQUEST

No funds are requested for Christa McAuliffe Fellowships in 1996. This program is proposed for elimination to provide savings as part of the President's Reinventing Government (REGO) proposal. With the enactment of the Eisenhower Professional Development program, for which the Department has requested a major increase in 1996, all States will now have access to increased resources for educator professional development. Activities like those currently carried out under Christa McAuliffe Fellowships are now more appropriately continued, at State and local discretion, under Eisenhower State grants.

IMPACT DATA (\$ in 000s)

	1994	1995	1996
Average State grant award	\$35	\$35	0
Number of fellowships	60	60	0

SCHOOL IMPROVEMENT PROGRAMS

Magnet schools assistance

(Elementary and Secondary Education Act of 1965, Title V, Part A)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$111,519	\$111,519	0

PURPOSE AND METHOD OF OPERATION

The Magnet Schools Assistance program provides grants to local educational agencies to establish and operate magnet schools that are part of a court-ordered or federally approved desegregation plan to eliminate, reduce, or prevent minority group isolation in elementary and secondary schools. Magnet schools offer special curricula designed to attract substantial numbers of students from different social, economic, ethnic, and racial backgrounds.

Grants are awarded on a competitive basis. Grantees receive 3-year awards, and may receive no more than \$4 million annually. Grants are used to support courses of instruction within magnet schools that will substantially strengthen students' knowledge of academic or vocational subjects. Funds may be used for planning and promotional activities, teachers' salaries, and the acquisition of books, materials, and equipment (including computers). Instructional activities may benefit all the students in the school building where a magnet program is located in order to promote greater interaction between students participating in magnet schools programs and other students in the school who are not enrolled in the program.

Local educational agencies that receive assistance may not use funds for activities, such as transportation, that do not augment academic improvement. Expenditures for planning are limited to no more than 50 percent of a grant in the first year, 15 percent in the second year, and 10 percent in the third year. The Secretary must give priority to applications for programs that, among other things, develop new magnet schools and innovative educational approaches and use methods other than academic examinations (such as a lottery) to admit students.

The Secretary is also authorized to reserve up to 5 percent of the appropriation for a separate competition for "innovative programs" that involve strategies other than magnet schools, such as neighborhood or community school models, that are organized around a special emphasis, theme, or concept, and involve extensive parent and community involvement.

SCHOOL IMPROVEMENT PROGRAMS**Magnet schools assistance**

Funding levels for the past 5 fiscal years are as follows:

	(\$ in 000s)
1991	\$109,976
1992	110,000
1993	107,985
1994	107,985
1995	111,519

1996 BUDGET REQUEST

For 1996, the Administration is requesting level funding of \$111.5 million for Magnet Schools Assistance.

Fiscal year 1995 is the first year of the program under the recent reauthorization. Improvements in the program resulting from reauthorization will increase the impact of these resources, making the program more effective at reducing minority isolation, increasing the achievement of at-risk students, and encouraging new and innovative programs.

With their special curricula, magnet schools support attainment of the National Education Goals by helping to increase the high school graduation rate and strengthen students' knowledge of the core subjects. This program also complements the new Charter Schools program, serving as an additional means of fostering education reform by increasing choice among public schools.

IMPACT DATA (\$ in 000s)

	1994	1995	1996
Number of new awards	0	55	0
Number of continuation awards	57	0	55
Largest grant award	\$3,600	\$4,000	\$4,000
Smallest grant award	\$290	\$200	\$200
Average award	\$1,894	\$2,025	\$2,028
Peer review of new award applications	0	\$160	0

SCHOOL IMPROVEMENT PROGRAMS

Education for homeless children and youth

(Stewart B. McKinney Homeless Assistance Act, Title VII, Subtitle B)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$28,811	\$30,000	+\$1,189

PURPOSE AND METHOD OF OPERATION

The Education for Homeless Children and Youth program provides assistance to States, Outlying Areas, and the BIA to: (1) establish or designate an Office of Coordinator of Education of Homeless Children and Youth; (2) develop and carry out a State plan for the education of homeless children; and (3) carry out other activities to ensure that all homeless children in the State have access to a free appropriate public education. In addition, States and local educational agencies: (1) provide activities for and services to homeless children and youth that enable them to enroll in, attend, and achieve success in school and (2) develop and implement professional development programs for school personnel to heighten awareness of the specific problems of homeless children and youth.

Each State receives an allocation bearing the same ratio to the amount local educational agencies in the State receive under Part A of Title I of the Elementary and Secondary Education Act, although no State may receive less than \$100,000. A set aside of 0.1 percent of the appropriation is allocated to the Outlying Areas, and the Secretary is authorized to transfer up to 1 percent to the BIA. Each State may reserve up to 5 percent of its allocation, or an amount equal to its 1990 allocation, whichever is greater, to conduct authorized State-level activities. States must use the remaining funds for grants to local educational agencies for facilitating the enrollment, attendance, and success of homeless children and youths in school.

To ensure that homeless children have the same opportunities to achieve as other children, this program secures Title I services for them, ensures that homeless children have equal access to preschool programs, and provides them with services available to other children, such as vocational education and gifted and talented programs. Under the recent reauthorization of the program, States, in their plan to the Department, no longer need to meet percentage requirements for primary and related services or provide counts of homeless children to receive Federal funds. This new flexibility enables States to focus on serving children rather than on generating numbers to satisfy a Federal requirement. The new statute also encourages provision of services to preschool-aged children.

This is a forward-funded program. Funds become available for obligation on July 1 of the fiscal year in which they are appropriated and remain available through September 30 of the following year.

SCHOOL IMPROVEMENT PROGRAMS**Education for homeless children and youth**

Funding levels for the past 5 fiscal years are as follows:

(\$ in 000s)

1991	\$7,313
1992	25,000
1993	24,800
1994	25,470
1995	28,811

1996 BUDGET REQUEST

For 1996, the Administration requests \$30 million for the Education for Homeless Children and Youth program, an increase of \$1.2 million over the 1995 appropriation. This program is a component of the Administration's strategy for ending the cycle of homelessness and the proposed increase will provide States and localities with new resources for meeting the needs of homeless children.

Addressing the needs of at-risk populations has always been a primary concern of the Department; and homeless children and youth, including runaways, are among the most vulnerable of at-risk groups. The additional funds would further the objective of enabling homeless children to achieve to the same standards expected of all children and would help meet the objectives of the new legislation, including the extension of services to preschool-aged children.

IMPACT DATA (\$ in 000s)

	1994	1995	1996
Amount available for States	\$25,195	\$28,533	\$29,720
Amount available for Outlying Areas	25	28	30
Amount available for BIA Schools	50	50	50
Average State award	485	549	572
Amount retained at State level ¹	4,785	4,785	4,785
Evaluation and dissemination	200	200	200

¹ States may reserve up to 5 percent of their allocations, or the amount received by the State in fiscal year 1990, whichever is greater. These numbers assume that each State reserves the amount received in fiscal year 1990.

SCHOOL IMPROVEMENT PROGRAMS

Women's educational equity

(Elementary and Secondary Education Act of 1965, Title V, Part B)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$3,967	\$4,000	+\$33

PURPOSE AND METHOD OF OPERATION

The Women's Educational Equity Act (WEEA) program was enacted in 1974 to promote educational equity for girls and women, including those who suffer multiple discrimination based on gender and on race, ethnicity, national origin, disability, or age, and to provide funds to help educational agencies and institutions meet the requirements of Title IX of the Education Amendments of 1972.

The reauthorized WEEA program focuses on two areas: (1) projects that assist in the local implementation of gender-equity policies and practices, (2) research and development activities. Not less than two-thirds of the total appropriation must be utilized for implementation projects. Examples of allowable activities under implementation projects include:

- Training for teachers and other school personnel to encourage gender equity in the classroom;
- School-to-work transition programs and guidance and counseling activities to increase opportunities for women and girls in technologically demanding workplaces; and
- Programs to increase educational opportunities, including vocational training, for low-income women to help them move from welfare to work.

Research and development activities may include:

- Development of innovative strategies and model training programs in gender equity for teachers and other school personnel;
- Development of instruments and methods to assist local educational agencies in replicating exemplary gender equity programs in their own district; and
- Development of policies and programs to address and prevent sexual harassment.

SCHOOL IMPROVEMENT PROGRAMS

Women's educational equity

Funding levels for the past 5 fiscal years are as follows:

(\$ in 000s)

1991	.....	\$1,995
1992	.....	500
1993	.....	1,984
1994	.....	1,984
1995	.....	3,967

1996 BUDGET REQUEST

For 1996, the Administration proposes to fund WEEA at \$4 million, a small increase over the 1995 appropriation. This request reflects the high priority the Administration places on equitable access to educational opportunities for all our Nation's students.

Since the enactment of Title IX of the Education Amendments of 1972, women and girls have made major strides in education achievement and in their ability to avail themselves of educational opportunities. Because of funding provided under the WEEA program, there are now many more curricula, training, and other educational materials concerning educational equity for women and girls available for dissemination.

However, significant gender inequities still exist in teaching and learning practices. For example:

- Studies have found that girls receive significantly less attention from classroom teachers than boys, and girls of color have less interaction with teachers than do other girls;
- Educational materials do not sufficiently reflect the experiences, achievements, or concerns of women;
- Girls do not take as many mathematics and science courses as boys, they lose confidence in their mathematics and science ability as they move through adolescence, there are few women role models in the sciences, and women continue to be concentrated in low-paying, traditionally female jobs that do not require mathematics and science skills; and
- Sexual harassment is a significant problem in schools, undermining their ability to provide a safe and equitable learning or workplace environment.

The WEEA program, over the past 20 years, has helped educators research, create, and obtain materials on gender-equitable teaching practices. The 1995 appropriation, the first provided under the new reauthorization, will allow the program to focus not only on

SCHOOL IMPROVEMENT PROGRAMS

Women's educational equity

producing curriculum and other materials, but also on providing the training and support teachers need in order to use these materials. The small increase requested would help the expansion of the program to include more implementation and institutionalization of gender-equitable practices, and thereby help teachers provide high-quality, challenging learning experiences to all students.

IMPACT DATA (\$ in 000s)

	1994	1995	1996
Project grant funding	\$1,458	\$3,428	\$3,460
Number of projects	22	30	32
Publishing center contract	\$500	\$500	\$500
Peer review of new award applications	\$26	\$39	\$40

SCHOOL IMPROVEMENT PROGRAMS

Training and advisory services

(Civil Rights Act of 1964, Title IV)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$21,412	\$14,000	-\$7,412

PURPOSE AND METHOD OF OPERATION

This program supports efforts to achieve the intent of Title IV of the Civil Right Act by aiding educators in preparing, adopting, and implementing plans for further desegregation of public schools. Since the inception of this program in 1967, grants have been awarded to civil rights units within State educational agencies (SEAs) and to regional desegregation assistance centers (DACs) located in each of the 10 Department of Education regions.

The SEAs and DACs provide services to school districts upon request. Typical activities might include disseminating information on successful education practices and legal requirements related to nondiscrimination on the basis of race, sex, and national origin in educational programs; training designed to develop educators' skills in specific areas, such as the identification of race and sex bias in instructional materials; and technical assistance in the identification and selection of appropriate educational programs to meet the needs of limited-English-proficient students.

Funding levels for the past 5 fiscal years are as follows:

	(\$ in 000s)
1991	\$21,329
1992	22,000
1993	21,606
1994	21,606
1995	21,412

1996 BUDGET REQUEST

For 1996, the Administration is requesting \$14 million for the Training and Advisory Services program, a decrease of \$7.4 million from the 1995 appropriation.

SCHOOL IMPROVEMENT PROGRAMS

Training and advisory services

Ensuring equitable access to educational opportunities at all levels, especially for minorities and underrepresented groups, is one of the Department's highest priorities. However, SEA funding under this program has been too diffuse to have a major impact. Therefore, the Department proposes to concentrate all funding for this program on the DACs. The DACs will provide technical assistance and dissemination of materials in the areas of race, sex, and national origin desegregation to local educational agencies in every State and Outlying Area and, in concert with Goals 2000 and other Department programs, help ensure that all our Nation's children can achieve to high academic standards.

IMPACT DATA (\$ in 000s)

	1994	1995	1996
Number of awards:			
SEAs	53	53	0
DACs	10	10	10
Funding:			
SEAs	\$14,206	\$14,078	0
DACs	\$7,400	\$7,334	\$13,950
Average award:			
SEAs	\$268	\$266	0
DACs	\$740	\$733	\$1,395
Peer review of new award applications	0	0	\$50

SCHOOL IMPROVEMENT PROGRAMS

Dropout prevention demonstrations

(Elementary and Secondary Education Act of 1965, Title V, Part C)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1995 Revised</u>	<u>1996</u>	<u>Change from 1995 Revised</u>
\$28,000	0	0	0

PURPOSE AND METHOD OF OPERATION

The purpose of the Dropout Prevention Demonstration program is to provide grants to local educational agencies, community-based organizations, and educational partnerships to support demonstration projects to reduce the number of students who do not complete elementary and secondary education.

The Secretary may reserve up to \$2 million of each year's appropriation for a national evaluation of the program. The remaining funds are used for grants to individual projects. By statute, 25 percent of the amount available for project grants must be allocated to LEAs enrolling at least 100,000 students, 40 percent to LEAs with between 20,000 and 100,000 students, 30 percent to LEAs with fewer than 20,000 students, and 5 percent to community-based organizations (CBOs). Not less than 30 percent of the amount available for grants in each fiscal year must be used for activities relating to dropout prevention; and not less than 30 percent must be used for reentry programs. Federal funds account for 90 percent of the total cost of a project for the first year and 75 percent for the second and subsequent years.

In selecting grantees, the Secretary must give priority to projects that show replication or expansion of successful programs and involve very high numbers or percentages of school dropouts. Special consideration must also be given to projects that will emphasize early intervention services and parental involvement.

In 1991, the Department began a 4-year, controlled demonstration program to test and evaluate, under rigorous methodological conditions, the effect of promising strategies in dropout prevention and reentry. Approximately 25 percent of funding to this cohort of grantees supported comprehensive dropout prevention and recovery models that focus on restructuring and reform within school clusters (that is, a high school and its feeder elementary and middle schools). Another 65 percent supported model programs that involve comprehensive targeted services for at-risk youth. The remaining 10 percent was used for field-initiated approaches that otherwise are consistent with the authorizing statute. In 1992, the Department made a small number of 3-year awards under a new competition. Fiscal year 1994 funds are supporting both cohorts of projects through September 1995.

SCHOOL IMPROVEMENT PROGRAMS

Dropout prevention demonstrations

The recent reauthorization of the program requires the Secretary to continue funding existing projects through fiscal year 1996, provided that such projects: (1) submit the necessary application materials, (2) are in an educational partnership, and (3) provide evidence that they are effective in providing early intervention services to at-risk students, identifying potential dropouts, and preventing students from dropping out of school. Because most, if not all, the current projects should be able to meet these criteria, the Department is not expecting to make new awards in 1995, even though the current projects were, by previous statute, to have been completed with fiscal year 1994 funds.

Funding levels for the past 5 fiscal years are as follows:

	(\$ in 000s)
1991	\$34,064
1992	40,000
1993	37,530
1994	37,730
1995	28,000

1995 REVISED REQUEST

The Administration proposes that funds appropriated for Dropout Prevention Demonstrations for fiscal year 1995 be rescinded. Funds appropriated for fiscal year 1994 are supporting the final planned year of funding for two cohorts of projects. These projects are undergoing rigorous evaluation to test and demonstrate strategies that school districts can use to combat the dropout problem. Strategies identified by these projects can then be adopted by LEAs using State and local funds as well as Federal funds from programs such as ESEA Title I. In fact, the reauthorized Title I program, with its greater emphasis on supporting secondary school programs and reforms, now has the capacity to accomplish much more in dropout prevention than does this small categorical activity. Continuation of this program -- which, under the reauthorization, has evolved into a program of direct, noncompetitive assistance to incumbent grantees, rather than a demonstration program -- is no longer justified.

1996 BUDGET REQUEST

No funds are requested for Dropout Prevention Demonstrations in 1996 for the same reasons explained above.

SCHOOL IMPROVEMENT PROGRAMS

Dropout prevention demonstrations

IMPACT DATA (\$ in 000s)

	1994	1995	1995 Revised	1996
Total:				
Amount for project awards	\$35,730	\$28,000	0	0
Number of projects	85	85	0	0
Average award	\$420	\$324	0	0
Evaluation study	\$2,000	0	0	0
LEAs with 100,000 or more students:				
Total funds available	\$8,932	\$7,000	0	0
Amount for LEA awards	\$4,466	\$3,500	0	0
Number of LEA grants	8	8	0	0
Amount for partnerships	\$4,466	\$3,500	0	0
Number of partnerships	7	7	0	0
Average award	\$595	\$467	0	0
LEAs with 20,000-99,000 students:				
Total funds available	\$14,292	\$11,200	0	0
Amount for LEA awards	\$7,921	\$6,207	0	0
Number of LEA grants	16	16	0	0
Amount for partnerships	\$6,371	\$4,993	0	0
Number of partnerships	16	16	0	0
Average award	\$447	\$350	0	0
LEAs with fewer than 20,000 students:				
Total funds available	\$10,719	\$8,400	0	0
Amount for LEA awards	\$5,438	\$4,262	0	0
Number of LEA grants	18	18	0	0
Amount for partnerships	\$5,281	\$4,138	0	0
Number of partnerships	12	12	0	0
Average award	\$357	\$280	0	0
Community-based organizations:				
Total funds available	\$1,787	\$1,400	0	0
Number of grants	8	8	0	0
Average award	\$223	\$175	0	0

SCHOOL IMPROVEMENT PROGRAMS

Ellender fellowships

(Elementary and Secondary Education Act of 1965, Title X, Part G)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

	<u>1995</u>	<u>1995 Revised</u>	<u>1996</u>	<u>Change from 1995 Revised</u>
Program for middle and secondary school students	\$2,285	0	0	0
Program for middle and secondary school teachers	979	0	0	0
Program for recent immigrants, students of migrant parents, and older Americans	<u>921</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	4,185	0	0	0

PURPOSE AND METHOD OF OPERATION

This program, administered by the Close Up Foundation of Washington, D.C., provides fellowships to students from low-income families and their teachers to enable them to participate with other students and teachers (some of whom pay their own tuition and travel costs) in the Close Up program. Participants spend one week in Washington attending seminars on government and current events and meeting with leaders from the three branches of the Federal Government. The appropriation also supports similar programs for increasing the understanding of the Federal Government of older Americans, recent immigrants, and students who are children of migrant parents. Beginning in 1995, funding will be provided to Close Up on the condition that it match Federal funds on a 1:2 basis and that Federal funding for teacher fellowships is restricted to 30 percent in fiscal year 1995, declining to zero in fiscal year 1997.

This is a forward-funded program. Funds become available for obligation on July 1 of the fiscal year in which they are appropriated and remain available through September 30 of the following year.

SCHOOL IMPROVEMENT PROGRAMS

Ellender fellowships

Funding levels for the past 5 fiscal years are as follows:

	(\$ in 000s)
1991	\$4,101
1992	4,300
1993	4,223
1994	4,223
1995	4,185

1995 REVISED REQUEST

The Administration proposes the rescission of 1995 funding for Ellender Fellowships. The Administration's proposal reflects two central conclusions derived from a recent evaluation of the program: first, the program does not have the desired impact; and second, support of this program is not an appropriate Federal responsibility.

In response to a request from Congress, the Department sponsored an independent evaluation of the program in 1992. The evaluation noted that, although the Close Up Foundation has been the recipient of increasing amounts of Federal funds, these funds have not been used for an expansion of services; instead, the Federal share of the fellowships has steadily increased while Close Up's privately donated funds have gone to its other programs. The study also found that, despite the intent of the legislation to support the attendance of economically disadvantaged students in Close Up programs, the majority of funds in the program support participation of teachers, many of whom return to Washington for multiple visits.

The Administration believes that there is no continuing Federal role in supporting this program. The evaluation also identified several other organizations that support activities virtually identical to those of the Close Up Foundation and do so without Federal assistance. Close Up also receives a considerable amount of support from private and community sources; it should be able to continue its programs with non-Federal funds. This request is also consistent with the recommendations of the National Performance Review.

1996 BUDGET REQUEST

Consistent with fiscal year 1995 policy, the Administration proposes no funding for the Ellender Fellowships program in 1996. As stated above, this program is more appropriately funded through private and community sources.

SCHOOL IMPROVEMENT PROGRAMS

Ellender fellowships

IMPACT DATA (\$ in 000s)

	1994	1995	1995 Revised	1996
Program for Students and Teachers:				
Total Federal share	\$3,294	---	---	---
Total participants	22,500	---	---	---
Total number of fellowships	4,500	---	---	---
Average cost of fellowships (whole dollars)	\$822	---	---	---
Federal share per fellowship (whole dollars)	\$739	---	---	---
Program for Middle and Secondary School Students:				
Total Federal share	---	\$2,285	0	0
Total participants	---	11,000	11,000	11,000
Total number of fellowships	---	3,000	3,000	3,000
Average cost of fellowships (whole dollars)	---	\$840	\$870	\$870
Federal share per fellowship (whole dollars)	---	\$760	0	0
Program for Middle and Secondary School Teachers:				
Total Federal share	---	\$979	0	0
Total participants	---	10,000	10,000	10,000
Total number of fellowships	---	1,690	1,690	1,690
Average cost of fellowships (whole dollars)	---	\$840	\$870	\$870
Federal share per fellowship (whole dollars)	---	\$760	0	0

SCHOOL IMPROVEMENT PROGRAMS

Ellender fellowships

IMPACT DATA (\$ in 000s) -- continued

	1994	1995	1995 Revised	1996
Program for older Americans and recent immigrants:				
Total Federal share	\$929	\$921	0	0
Total participants	2,500	2,000	2,000	2,000
Total number of fellowships	1,720	1,690	1,690	1,690
Average cost of fellowships (whole dollars)	\$685	\$700	\$725	\$725
Federal share per fellowship (whole dollars)	\$540	\$545	0	0

SCHOOL IMPROVEMENT PROGRAMS

Education for Native Hawaiians

(Elementary and Secondary Education Act of 1965, Title IX, Part B)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

	<u>1995</u>	<u>1996</u>	<u>Change</u>
Family-based centers	\$5,600	0	-\$5,600
Curricula development, teacher training, and recruitment	1,500	0	-1,500
Gifted and talented	1,500	0	-1,500
Higher education	1,400	0	-1,400
Special education	1,200	0	-1,200
Community-based centers	<u>800</u>	<u>0</u>	<u>-800</u>
Total	12,000	0	-12,000

PURPOSE AND METHOD OF OPERATION

Part B of Title IX of the Elementary and Secondary Education Act authorizes the Secretary to award funds under seven programs dealing exclusively with the education of Native Hawaiians.

Native Hawaiian Family-Based Education Centers -- Grants may be made to Native Hawaiian organizations, or educational entities with experience in developing or operating Native Hawaiian programs (or programs of instruction conducted in the Native Hawaiian language), to expand the operation, throughout the Hawaiian Islands, of family-based education centers whose activities include parent-infant programs, preschool programs, research and development, and long-term follow-up and assessment.

Native Hawaiian Curriculum Development, Teacher Training, and Recruitment Program -- Grants may be made to Native Hawaiian educational organizations, or to educational entities with experience in developing or operating Native Hawaiian programs or programs of instruction conducted in the Native Hawaiian language, for: (1) developing curricula to address the needs of Native Hawaiian students; (2) developing and implementing preservice and inservice training programs to ensure that student teachers and teachers within the State of Hawaii are prepared to address the unique needs of Native Hawaiian students; and (3) developing and implementing programs to enhance teacher recruitment in communities with high concentrations of Native Hawaiian students, and to increase the numbers of teachers who are of Native Hawaiian ancestry. Priority must be given to projects that focus on the needs of at-risk youth or that employ a program of instruction conducted in the Native Hawaiian language.

SCHOOL IMPROVEMENT PROGRAMS**Education for Native Hawaiians**

Native Hawaiian Gifted and Talented Program – A grant may be awarded to a Native Hawaiian educational organization or an educational entity with experience in developing or operating Native Hawaiian programs (or programs of instruction conducted in the Native Hawaiian language), for a program designed to address the special needs of Native Hawaiian gifted and talented elementary and secondary school students.

Native Hawaiian Higher Education Program – Grants may be made to Native Hawaiian educational organizations or educational entities with experience in developing or operating Native Hawaiian programs or programs of instruction conducted in the Native Hawaiian language for a program of: (1) graduate and undergraduate fellowships for Native Hawaiian students enrolled in institutions of higher education; (2) counseling and support services for those students; (3) college preparation and guidance counseling for Native Hawaiian secondary school students who may become eligible for such fellowship assistance; (4) faculty development programs for the improvement and matriculation of Native Hawaiian students; and (5) research and evaluation activities.

Native Hawaiian Special Education Program – Funds may be awarded under a grant to, or contract with, Native Hawaiian educational organizations or educational entities with experience in developing or operating Native Hawaiian programs or programs of instruction conducted in the Native Hawaiian language, to operate a program to address the special education needs of Native Hawaiian students with disabilities.

Native Hawaiian Community-Based Education Learning Centers – Grants may be made for collaborative efforts between Native Hawaiian community-based organizations and community colleges, to develop, establish, and operate a minimum of three community-based education learning centers providing preschool, after-school, and vocational and adult education programs that meet the needs of Native Hawaiian families and their communities.

Native Hawaiian Education and Island Councils – The above programs and services are to be coordinated by a statewide Native Hawaiian Education Council consisting of up to 25 members, including representatives of each grantee or contractor that receives funding under each of the above programs; a representative of the Hawaii Department of Education; a representative of the State of Hawaii Office of Hawaiian Affairs; representatives of Native Hawaiian educational organizations; and representatives of five education councils for the major Hawaiian Islands. Administrative support for the councils would be in the form of a grant to the Statewide council, which would be required to provide appropriate administrative support and financial assistance to the island councils.

SCHOOL IMPROVEMENT PROGRAMS**Education for Native Hawaiians**

Funding levels for the past 5 fiscal years are as follows:

	(\$ in 000s)
1991	\$6,366
1992	6,400
1993	6,448
1994	8,224
1995	12,000

1996 BUDGET REQUEST

No funds are requested for the Education for Native Hawaiian programs in 1996. This proposal is consistent with the National Performance Review recommendation to eliminate programs that are duplicative of other programs or are more appropriately funded through non-Federal sources.

Native Hawaiians, to the extent that they meet eligibility criteria that are applied to all citizens, are already eligible for Department of Education-funded services, including student financial aid, special education, and teacher professional development, that duplicate many of the activities in these programs. For example, under the 1996 request, the State of Hawaii will receive formula grants from such programs as Title I, Eisenhower Professional Development, Special Education State Grants, and Vocational and Adult Education State Grants, and from the Department of Health and Human Services for preschool services through the Child Care and Development block grant. The amount of each State grant awarded to Hawaii is computed taking into account all students in the State, including Native Hawaiians, who are eligible for the services. Organizations and public agencies in Hawaii are also eligible to apply for competitive grants under such programs as Javits Gifted and Talented Education, Special Education Program Support and Improvement, Higher Education Special Programs for the Disadvantaged, and other Federal programs.

SCHOOL IMPROVEMENT PROGRAMS

Education for Native Hawaiians

IMPACT DATA (\$ in 000s)

	1994	1995	1996
Family-based centers	\$5,000	\$5,600	0
Number of grants	2	⁽¹⁾	0
Number of centers	21	⁽¹⁾	0
Curricula development, teacher training, and recruitment	—	\$1,500	0
Number of grants	—	⁽¹⁾	0
Gifted and talented	\$1,000	\$1,440	0
Number of grants	1	1	0
Higher Education	\$1,174	\$1,400	0
Number of grants	1	⁽¹⁾	0
Undergraduate fellowships	100	⁽¹⁾	0
Graduate fellowships	60	⁽¹⁾	0
Special education	\$1,000	\$1,200	0
Number of grants	1	⁽¹⁾	0
Community-based centers	—	\$800	0
Number of grants	—	⁽¹⁾	—
Model Curriculum	\$50	—	—
Number of grants	1	—	—
Peer review of new award applications	0	\$60	0

⁽¹⁾ To be determined

SCHOOL IMPROVEMENT PROGRAMS

Foreign language assistance

(Elementary and Secondary Education, Title VII, Part B)

1996 Authorization (\$ in 000s): Indefinite¹

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$10,912	\$10,912	0

¹ From the funds appropriated for Part B of Title VII, the Secretary is required to make elementary school foreign language incentive payments under section 7205. Funding for incentive payments may not exceed \$20 million.

PURPOSE AND METHOD OF OPERATION

The Foreign Language Assistance program, as newly restructured, provides 3-year discretionary grants to State and local educational agencies (SEAs and LEAs) to cover half the cost of operating innovative model programs of foreign language study in elementary and secondary schools. Grants to SEAs support programs that promote systemic approaches to improving foreign language learning in the State. Grants to LEAs support programs that show promise of being continued beyond the grant period, demonstrate approaches that can be disseminated, and may include a professional development component. Not less than three-fourths of the appropriation for Foreign Language Assistance is to be used for programs at the elementary school level.

The statute also requires "Incentive Payments" for elementary schools that have programs designed to develop communicative competency in a foreign language. By law, the Department must make these payments on the basis of the number of students enrolled in elementary school foreign language programs for at least 45 minutes per day, four days per week. Implicitly, the purpose of these payments is to provide an incentive for additional elementary schools to create such programs. Up to \$20 million of each year's appropriation may be used for incentive payments.

Funding levels for the past 5 fiscal years are as follows:

	(\$ in 000s)
1991	\$4,880
1992	10,000
1993	10,912
1994	10,912
1995	10,912

SCHOOL IMPROVEMENT PROGRAMS

Foreign language assistance

1996 BUDGET REQUEST

The Administration requests \$10.9 million for Foreign Language Assistance, the same as the 1995 appropriation. The Goals 2000: Educate America Act makes it a national goal to enable all children to leave grades 4, 8, and 12 with demonstrated competency in foreign languages. Yet too few schools provide adequate foreign language instruction, particularly in the elementary grades, and too few students leave high school (much less the earlier grades) with real competency in a second language. Moreover, while high school foreign language enrollments have increased in recent years, 98 percent are in Spanish, French, and German; enrollments in other languages that are of major economic or political importance to the U.S. — such as Japanese, Chinese, and Russian — remain minimal.

An investment in high-quality elementary foreign language programs will produce bilingual adults who can work to make America's industry more competitive in international markets. State programs funded under this authority can contribute to the reform and improvement of foreign language programs throughout the State. Local programs will also contribute to the expansion of high-quality language instruction, particularly at the elementary level.

The Department proposes special appropriations language to clarify that all funds will be used for discretionary grants to LEAs. At the request level, incentive grant payments would likely be too small to provide a real incentive for the establishment of elementary school language programs. Moreover, the Department may have difficulty obtaining valid data for calculating payments under this program.

IMPACT DATA (\$ in 000s)

	1994	1995	1996
Competitive grants to SEAs and LEAs	—	\$7,850	\$10,780
Number of new awards	—	40	15
Number of continuation awards	—	0	40
Average award	—	\$196	\$196
Incentive payments	—	\$3,000	0
Formula grants to SEAs (prior statute)			
Amount for States	\$10,803	—	—
Number of awards	52	—	—
Average award	\$208	—	—
Minimum award	\$54	—	—
Largest award	\$1,243	—	—

SCHOOL IMPROVEMENT PROGRAMS

Foreign language assistance

Formula grants to SEAs (prior statute) — continued			
Amount for Outlying Areas	\$109	—	—
Number of awards	5	—	—
Peer review of new award applications	—	\$62	\$42

SCHOOL IMPROVEMENT PROGRAMS

Training in early childhood education and violence counseling

(Higher Education Act, Title V, Part F, Section 596)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$13,875	\$9,600	-\$4,275

PURPOSE AND METHOD OF OPERATION

The purpose of this demonstration program is to enable institutions of higher education (IHEs) to establish innovative programs to recruit and train students for careers in: (1) early childhood development and care and, (2) counseling of young children from birth to 6 years of age who have been affected by violence, and of the adults working with these children.

The legislation authorizing this program requires each IHE applying for funding to submit a comprehensive plan describing how it proposes to recruit students and ensure employment of those trained through the program. Grants are to be awarded for 3- to 5-year projects; no award in any single year may be less than \$500,000 nor more than \$1 million. Finally, the Secretary of Education is required to establish an absolute priority for institutions that will prepare students for work in economically disadvantaged areas and will focus their recruitment, retention and training efforts on disadvantaged students.

Funds for this program support a variety of activities such as the development of early childhood personnel preparation programs, the development of coursework and materials on violence counseling, and the allocation of stipends to students from disadvantaged backgrounds to participate in early childhood and violence counseling training programs.

Funding levels for the past 5 fiscal years are as follows:

	(\$ in 000s)
1991	0 ¹
1992	0 ¹
1993	\$4,960
1994	14,000
1995	13,875

¹ This program was not authorized prior to 1993.

SCHOOL IMPROVEMENT PROGRAMS

Training in early childhood education and violence counseling

1996 BUDGET REQUEST

For 1996, the Administration is requesting \$9.6 million for the Training in Early Childhood Education and Violence Counseling program, a decrease of \$4.2 million from the 1995 appropriation.

By 1996, the first round of projects, which were initiated in 1993, will have completed their third year of funding. The fiscal year 1996 request level will provide sufficient resources to support the second round of projects, first funded in 1994, for a third and final year. Although the statute permits 5-year projects, the Department believes that continuing a handful of projects beyond 3 years will have little impact, and would tie up resources that could be used more effectively for broader purposes that meet national needs. In addition, some aspects of the program can be supported by other programs, such as the Safe and Drug-Free Schools and Communities program.

IMPACT DATA (\$ in 000s)

	1994	1995	1996
Number of awards:			
New awards	11	0	0
Continuation awards	<u>7</u>	<u>18</u>	<u>11</u>
Total	18	18	11
Average size of award	\$776	\$770	\$873
Peer review of new award applications	\$25	0	0

SCHOOL IMPROVEMENT PROGRAMS

Charter schools

(Elementary and Secondary Education Act of 1965, Title X, Part C)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$6,000	\$20,000	+\$14,000

PURPOSE AND METHOD OF OPERATION

The new Charter Schools program is designed to stimulate comprehensive education reform by supporting the development and initial implementation of public charter schools that provide enhanced parental choice and are exempt from certain local, State, and Federal regulations. Charter schools will be created and operated by a group of "developers," such as educators, parents, and other members of the community. In return for increased flexibility, charter schools will establish plans that enable all children to meet challenging State performance standards.

Under this program, the Secretary makes awards to State educational agencies (SEAs), which in turn make subgrants to partnerships of developers and local educational agencies (LEAs) or other public entities that have the legal authority, pursuant to State law, to authorize or approve a charter school. If an SEA chooses not to participate in the program or if the SEA's application for funds is not approved, the Secretary may award grants directly to eligible partnerships.

Grants are limited to 3 years in duration, of which not more than 18 months may be for planning and program design, and not more than 2 years for the initial implementation of a charter school. However, SEAs are allowed to use up to 20 percent of their grants to establish and maintain a revolving fund for making loans to subgrantees under the program, for the initial operation of their charter school program until the subgrantee begins receiving ongoing operational support from State or local funding.

The Secretary is also authorized to reserve up to 10 percent of the appropriation for National Activities, which may include peer review of applications, an evaluation (which, when funded, will be the first comprehensive assessment of the charter schools strategy), and other activities such as development and dissemination of model State charter school laws and model contracts and collection and dissemination of information on successful charter schools.

SCHOOL IMPROVEMENT PROGRAMS

Charter schools

Funding levels for the past 5 fiscal years are as follows:

	(\$ in 000s)
1991	0 ¹
1992	0 ¹
1993	0 ¹
1994	0 ¹
1995	\$6,000

¹ This program was not authorized prior to 1995.

1996 BUDGET REQUEST

The Administration is requesting \$20 million for the second year of the Charter Schools program, a \$14 million increase over the 1995 appropriation. A central tenet of the Administration, as expressed in the National Performance Review, is performance-based management — freeing employees, program grantees, and others from restrictions and regulations in return for accountability for results. Charter schools demonstrate the effectiveness of replacing rules-based school governance with goal-based accountability. Further, the collaboration of educators, parents, and other members of the community builds into our public education system personal responsibility and a sense of ownership — elements that are often lacking in many schools today. Further, charter schools enhance student and parental choices among public schools.

Currently, 11 States have passed legislation approving charter schools. The Department's request allows for the support of an estimated 60-85 charter schools, including some continuation awards, that would serve as models for schools in these and other States. In addition, this program should motivate more States to adopt charter schools legislation.

IMPACT DATA (\$ in 000s)

	1994	1995	1996
Number of awards	—	20	50
Average award	—	\$269	\$300
Technical assistance/evaluation	—	\$570	\$1,900
Peer review of new award applications	—	\$60	\$100

SCHOOL IMPROVEMENT PROGRAMS

Comprehensive regional assistance centers

(Elementary and Secondary Education Act of 1965, Title XIII, Part A)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$44,541	\$55,000	+\$10,459

PURPOSE AND METHOD OF OPERATION

The recent Elementary and Secondary Education Act (ESEA) reauthorization consolidates 7 former ESEA categorical technical assistance programs that funded 48 technical assistance centers into a program of 15 comprehensive regional technical assistance centers for improving ESEA programs. Under this program, each new center will be required to:

- Maintain appropriate staff expertise and provide support, training, and assistance to State educational agencies, tribal divisions of education, local educational agencies, schools, and other ESEA grant recipients in --
 - Improving the quality of instruction, curricula, assessments, and other aspects of school reform supported with funds under Title I, and in implementing Title I schoolwide programs,
 - Meeting the needs of children served under the ESEA, including children in high-poverty areas, migratory children, immigrant children, children with limited English proficiency, neglected or delinquent children, homeless children and youth, Indian children, children with disabilities, and where applicable, Alaska Native and Native Hawaiian children,
 - Implementing high-quality professional development activities for school personnel,
 - Improving the quality of bilingual education,
 - Creating safe and drug-free learning environments,
 - Implementing educational applications of technology,
 - Coordinating services and programs to meet the needs of students so that students can fully participate in the educational program of the school,

SCHOOL IMPROVEMENT PROGRAMS

Comprehensive regional assistance centers

-
- Expanding the involvement and participation of parents in the education of their children,
 - Reforming schools, school systems, and the governance and management of schools,
 - Evaluating programs, and
 - Meeting the special needs of students living in urban and rural areas and the special needs of local educational agencies serving urban and rural areas;
- Employ staff who have sufficient training, knowledge, and expertise in how to integrate and coordinate ESEA programs with one another, as well as with other Federal, State, and local programs and reforms;
 - Coordinate services, work cooperatively, and regularly share information with the Department's regional education laboratories, Eisenhower regional consortia, research and development centers, and other entities engaged in research, development, dissemination, and technical assistance, in order to provide a broad range of services to schools in the region while minimizing the duplication of services;
 - Provide services to States, local educational agencies, tribes, and schools in order to improve the provision of technical assistance and provide the support and assistance "diffusion agents" need to carry out their mission effectively; and
 - Provide professional development services to State educational agencies, local educational agencies, and National Diffusion Network State facilitators to increase the capacity of such entities to provide high-quality technical assistance in support of ESEA programs.

By statute, the Department is required to continue funding the ESEA categorical technical assistance centers through fiscal year 1996 in order to ensure a smooth transition to the new comprehensive centers. However, the Department will begin phasing in the new centers with fiscal year 1995 funds.

Funding levels for the past 5 fiscal years are as follows:

	(\$ in 000s)
1991	0 ¹
1992	0 ¹
1993	0 ¹
1994	0 ¹
1995	\$44,541

¹ This program was not authorized prior to 1995.

SCHOOL IMPROVEMENT PROGRAMS

Comprehensive regional assistance centers

1996 BUDGET REQUEST

For 1996 the Administration proposes to fund the Comprehensive Regional Assistance Centers at \$55 million, an increase of \$10.5 million (24 percent) over the 1995 appropriation, in order to enhance the Federal investment in all applicable ESEA programs and contribute to a comprehensive approach to education reform as envisioned and begun in the Goals 2000: Educate America Act.

High-quality, comprehensive technical assistance is an essential ingredient of the Administration's overall strategy to bring about improvements in teaching and learning and to provide all children opportunities to achieve to challenging standards.

The increase requested is needed to ensure that there is no interruption or diminution of services while the new centers phase in. Once this transition period is over, the new centers will provide "one-stop shopping" to the Department's customers from the education community in ways that contribute to improving schools and entire school systems. The proposed increase will help enable the new centers to provide comprehensive services that address adequately the needs of States and local educational agencies for help in integrating the various ESEA programs, as well as State and local programs and other education reform efforts, into a coherent strategy for improving teaching and learning.

States, local educational agencies, and schools serving students with special needs, such as students with limited English proficiency, also have great need for comprehensive technical assistance in order to use funds under the ESEA to provide such students with opportunities to learn to challenging standards. The new centers will address those needs as well.

IMPACT DATA (\$ in 000s)

	1994	1995	1996
Comprehensive regional assistance centers			
Funding	—	\$44,541	\$55,000
Number of centers	—	15	15
Peer review of new award applications	—	\$115	0
Chapter 1 technical assistance centers:			
Funding	\$5,113 ¹	— ²	— ²
Number of centers	6	— ²	— ²

SCHOOL IMPROVEMENT PROGRAMS

Comprehensive regional assistance centers

IMPACT DATA (\$ in 000s) — Continued

	1994	1995	1996
Chapter 1 rural technical assistance centers:			
Funding	\$4,960 ¹	— ²	— ²
Number of centers	10	— ²	— ²
Chapter 1 migrant program coordination centers:			
Funding	\$2,735 ¹	— ²	— ²
Number of centers	3	— ²	— ²
Drug-free schools regional centers:			
Funding	\$15,595 ³	— ²	— ²
Number of centers	5	— ²	— ²
Indian education technical assistance centers:			
Funding	\$3,815 ⁴	— ²	— ²
Number of centers	6	— ²	— ²
Bilingual education multifunctional resource centers:			
Funding	\$11,565 ⁵	— ²	— ²
Number of centers	16	— ²	— ²
Bilingual education evaluation assistance centers:			
Funding	\$1,786 ⁵	— ²	— ²
Number of centers	2	— ²	— ²

¹ Adjusted for comparability. Funds were provided in the Education for the Disadvantaged account.

² The law requires that funds appropriated for the comprehensive centers be used to extend or continue contracts and grants for the current categorical centers through fiscal year 1996, in order to ensure a smooth transition without interruption or diminution of services. Consequently, in addition to the new centers, the current centers will receive operating funds in 1995 and 1996.

³ Adjusted for comparability. Funds were provided under Safe and Drug-Free Schools in the School Improvement Programs account.

⁴ Adjusted for comparability. Funds were provided in the Indian Education account.

⁵ Adjusted for comparability. Funds were provided in the Bilingual and Immigrant Education account.

SCHOOL IMPROVEMENT PROGRAMS

Eisenhower Professional Development State Grants

State or Outlying Area	1994 Appro. for 1995	1995 Estimate for 1996	1996 Request for 1997
Alabama	—	\$5,347,972	\$12,280,496
Alaska	—	1,585,475	3,638,250
Arizona	—	4,564,247	10,613,509
Arkansas	—	3,201,764	7,344,513
California	—	35,200,877	80,692,129
Colorado	—	3,697,637	8,355,415
Connecticut	—	2,980,870	6,697,358
Delaware	—	1,585,475	3,638,250
Florida	—	13,545,724	30,874,857
Georgia	—	7,917,893	18,317,706
Hawaii	—	1,585,475	3,638,250
Idaho	—	1,585,475	3,638,250
Illinois	—	14,012,307	32,399,022
Indiana	—	5,826,632	13,503,210
Iowa	—	2,929,779	6,658,132
Kansas	—	2,747,670	6,396,305
Kentucky	—	5,115,479	11,765,312
Louisiana	—	7,218,932	16,569,152
Maine	—	1,585,475	3,638,250
Maryland	—	4,734,109	10,820,959
Massachusetts	—	5,908,295	13,406,757
Michigan	—	12,593,242	29,110,176
Minnesota	—	4,755,667	10,892,311
Mississippi	—	4,603,705	10,588,540
Missouri	—	5,802,026	13,257,892
Montana	—	1,585,475	3,638,250
Nebraska	—	1,731,957	3,815,822
Nevada	—	1,585,475	3,638,250
New Hampshire	—	1,585,475	3,638,250
New Jersey	—	7,782,611	16,995,928
New Mexico	—	2,453,204	5,630,099
New York	—	24,090,531	54,999,607
North Carolina	—	6,840,422	15,575,124
North Dakota	—	1,585,475	3,638,250
Ohio	—	13,256,289	30,863,623
Oklahoma	—	3,918,051	9,053,216
Oregon	—	3,278,288	7,646,588
Pennsylvania	—	13,618,918	31,077,179
Rhode Island	—	1,750,481	3,638,250
South Carolina	—	4,271,834	9,781,778
South Dakota	—	1,585,475	3,638,250
Tennessee	—	5,690,887	13,049,200
Texas	—	25,120,052	57,199,398
Utah	—	2,280,420	5,256,161
Vermont	—	1,585,475	3,638,250
Virginia	—	5,944,098	13,391,745
Washington	—	5,352,980	12,495,149
West Virginia	—	2,555,280	6,081,337
Wisconsin	—	5,927,140	13,686,205
Wyoming	—	1,585,475	3,638,250
District of Columbia	—	1,585,475	3,638,250
Puerto Rico	—	7,915,575	19,572,590
American Samoa	—	274,934	630,901
Northern Marianas	—	156,661	359,496
Guam	—	641,431	1,471,918
Virgin Islands	—	528,464	1,212,687
Dept. of Interior	—	<u>1,601,490</u>	<u>3,675,000</u>
TOTAL	—	320,298,000	735,000,000

SCHOOL IMPROVEMENT PROGRAMS

Eisenhower Mathematics and Science Education State Grants

State or Outlying Area	1994 Appro. for 1995	1995 Estimate for 1996	1996 Request for 1997
Alabama	\$4,308,970	--	--
Alaska	1,241,637	--	--
Arizona	3,578,429	--	--
Arkansas	2,524,822	--	--
California	26,990,452	--	--
Colorado	2,828,885	--	--
Connecticut	2,420,000	--	--
Delaware	1,241,637	--	--
Florida	10,690,123	--	--
Georgia	6,402,152	--	--
Hawaii	1,241,637	--	--
Idaho	1,241,637	--	--
Illinois	10,831,220	--	--
Indiana	4,554,297	--	--
Iowa	2,288,755	--	--
Kansas	2,116,381	--	--
Kentucky	3,880,703	--	--
Louisiana	5,576,667	--	--
Maine	1,241,637	--	--
Maryland	3,871,536	--	--
Massachusetts	4,809,745	--	--
Michigan	9,566,311	--	--
Minnesota	3,682,560	--	--
Mississippi	3,623,378	--	--
Missouri	4,552,349	--	--
Montana	1,241,637	--	--
Nebraska	1,365,635	--	--
Nevada	1,241,637	--	--
New Hampshire	1,241,637	--	--
New Jersey	6,557,626	--	--
New Mexico	1,887,548	--	--
New York	19,317,253	--	--
North Carolina	5,546,817	--	--
North Dakota	1,241,637	--	--
Ohio	9,998,641	--	--
Oklahoma	3,049,754	--	--
Oregon	2,495,267	--	--
Pennsylvania	10,798,914	--	--
Rhode Island	1,241,637	--	--
South Carolina	3,392,981	--	--
South Dakota	1,241,637	--	--
Tennessee	4,561,250	--	--
Texas	19,233,015	--	--
Utah	1,767,096	--	--
Vermont	1,241,637	--	--
Virginia	4,841,705	--	--
Washington	4,040,983	--	--
West Virginia	1,992,461	--	--
Wisconsin	4,515,801	--	--
Wyoming	1,241,637	--	--
District of Columbia	1,241,637	--	--
Puerto Rico	6,483,900	--	--
American Samoa	218,279	--	--
Northern Marianas	124,379	--	--
Guam	509,255	--	--
Virgin Islands	419,566	--	--
Palau	63,871	--	--
Dept. of Interior	<u>1,335,350</u>	--	--
TOTAL	250,998,000	--	--

SCHOOL IMPROVEMENT PROGRAMS

Innovative Education Program Strategies State Grants

State or Outlying Area	1994 Appro. for 1995	1995 Estimate for 1996	1996 Request for 1997
Alabama	—	\$5,407,367	0
Alaska	—	1,724,096	0
Arizona	—	5,191,573	0
Arkansas	—	3,226,318	0
California	—	40,180,703	0
Colorado	—	4,672,849	0
Connecticut	—	3,770,564	0
Delaware	—	1,724,096	0
Florida	—	15,457,557	0
Georgia	—	9,061,361	0
Hawaii	—	1,724,096	0
Idaho	—	1,724,096	0
Illinois	—	15,020,120	0
Indiana	—	7,412,610	0
Iowa	—	3,790,384	0
Kansas	—	3,473,135	0
Kentucky	—	4,950,933	0
Louisiana	—	6,281,961	0
Maine	—	1,724,096	0
Maryland	—	6,013,484	0
Massachusetts	—	6,730,120	0
Michigan	—	12,557,460	0
Minnesota	—	6,239,686	0
Mississippi	—	3,834,548	0
Missouri	—	6,888,574	0
Montana	—	1,724,096	0
Nebraska	—	2,250,003	0
Nevada	—	1,724,096	0
New Hampshire	—	1,724,096	0
New Jersey	—	9,174,215	0
New Mexico	—	2,394,765	0
New York	—	21,560,165	0
North Carolina	—	8,372,416	0
North Dakota	—	1,724,096	0
Ohio	—	14,313,188	0
Oklahoma	—	4,422,338	0
Oregon	—	3,970,965	0
Pennsylvania	—	14,361,640	0
Rhode Island	—	1,724,096	0
South Carolina	—	4,722,200	0
South Dakota	—	1,724,096	0
Tennessee	—	6,327,415	0
Texas	—	25,441,373	0
Utah	—	3,380,735	0
Vermont	—	1,724,096	0
Virginia	—	7,781,859	0
Washington	—	6,950,536	0
West Virginia	—	2,275,198	0
Wisconsin	—	6,879,455	0
Wyoming	—	1,724,096	0
District of Columbia	—	1,724,096	0
Puerto Rico	—	5,942,132	0
American Samoa	—	417,296	0
Northern Marianas	—	237,781	0
Guam	—	973,568	0
Virgin Islands	—	802,106	0
TOTAL	—	347,250,000	0

SCHOOL IMPROVEMENT PROGRAMS

Chapter 2 State and Local Programs

State or Outlying Area	1994 Appro for 1995	1995 Estimate for 1996	1996 Request for 1997
Alabama	\$5,858,819	—	—
Alaska	1,833,145	—	—
Arizona	5,475,623	—	—
Arkansas	3,451,092	—	—
California	42,625,974	—	—
Colorado	4,874,588	—	—
Connecticut	4,009,759	—	—
Delaware	1,833,145	—	—
Florida	16,289,746	—	—
Georgia	9,566,543	—	—
Hawaii	1,833,145	—	—
Idaho	1,833,145	—	—
Illinois	16,042,008	—	—
Indiana	7,952,213	—	—
Iowa	4,076,355	—	—
Kansas	3,696,992	—	—
Kentucky	5,316,081	—	—
Louisiana	6,762,372	—	—
Maine	1,833,145	—	—
Maryland	6,351,854	—	—
Massachusetts	7,156,503	—	—
Michigan	13,440,669	—	—
Minnesota	6,558,006	—	—
Mississippi	4,105,507	—	—
Missouri	7,326,499	—	—
Montana	1,833,145	—	—
Nebraska	2,410,936	—	—
Nevada	1,833,145	—	—
New Hampshire	1,833,145	—	—
New Jersey	9,715,602	—	—
New Mexico	2,527,062	—	—
New York	23,017,822	—	—
North Carolina	8,820,514	—	—
North Dakota	1,833,145	—	—
Ohio	15,266,791	—	—
Oklahoma	4,712,213	—	—
Oregon	4,182,443	—	—
Pennsylvania	15,295,739	—	—
Rhode Island	1,833,145	—	—
South Carolina	5,060,278	—	—
South Dakota	1,833,145	—	—
Tennessee	6,726,103	—	—
Texas	26,981,394	—	—
Utah	3,597,591	—	—
Vermont	1,833,145	—	—
Virginia	8,238,712	—	—
Washington	7,265,626	—	—
West Virginia	2,483,699	—	—
Wisconsin	7,306,128	—	—
Wyoming	1,833,145	—	—
District of Columbia	1,833,145	—	—
Puerto Rico	6,419,015	—	—
American Samoa	469,317	—	—
Northern Marianas	267,423	—	—
Guam	1,094,935	—	—
Virgin Islands	902,097	—	—
Palau	137,327	—	—
TOTAL	369,500,000	—	—

SCHOOL IMPROVEMENT PROGRAMS

Safe and Drug-Free Schools and Communities State Grants

State or Outlying Area	1994 Appro. for 1995	1995 Estimate for 1996	1996 Request for 1997
Alabama	\$5,941,627	\$7,506,839	\$7,658,244
Alaska	1,812,930	2,229,544	2,268,850
Arizona	5,417,037	6,487,092	6,618,693
Arkansas	3,495,826	4,492,073	4,580,114
California	41,907,325	49,770,887	50,320,438
Colorado	4,714,321	5,182,413	5,210,523
Connecticut	3,906,110	4,128,214	4,176,541
Delaware	1,811,895	2,229,544	2,268,850
Florida	16,128,924	19,007,117	19,253,878
Georgia	9,509,710	11,106,766	11,423,110
Hawaii	1,821,770	2,229,544	2,268,850
Idaho	1,826,428	2,229,544	2,268,850
Illinois	15,975,659	19,656,819	20,204,362
Indiana	7,672,386	8,156,638	8,420,740
Iowa	3,919,033	4,067,495	4,152,079
Kansas	3,566,622	3,811,681	3,988,801
Kentucky	5,382,398	7,172,209	7,336,969
Louisiana	7,040,733	10,110,318	10,332,693
Maine	1,824,318	2,229,544	2,268,850
Maryland	6,199,185	6,638,325	6,748,061
Massachusetts	7,120,184	8,240,235	8,360,591
Michigan	13,534,010	17,680,559	18,153,404
Minnesota	6,305,037	6,652,727	6,792,557
Mississippi	4,346,542	6,468,360	6,603,122
Missouri	7,176,694	8,166,309	8,267,758
Montana	1,817,660	2,229,544	2,268,850
Nebraska	2,321,515	2,427,794	2,379,586
Nevada	1,825,344	2,229,544	2,268,850
New Hampshire	1,821,273	2,229,544	2,268,850
New Jersey	9,674,769	10,870,039	10,598,835
New Mexico	2,571,560	3,436,610	3,510,988
New York	24,066,932	33,823,401	34,298,317
North Carolina	8,660,208	9,522,373	9,712,807
North Dakota	1,812,813	2,229,544	2,268,850
Ohio	15,109,957	18,676,767	19,246,872
Oklahoma	4,652,773	5,526,746	5,645,678
Oregon	4,065,556	4,588,094	4,768,491
Pennsylvania	15,375,377	18,997,290	19,380,047
Rhode Island	1,816,954	2,229,544	2,268,850
South Carolina	5,032,195	5,961,448	6,100,017
South Dakota	1,815,484	2,229,544	2,268,850
Tennessee	6,704,323	8,012,502	8,137,615
Texas	27,177,614	35,376,892	35,670,130
Utah	3,382,123	3,201,044	3,277,796
Vermont	1,809,980	2,229,544	2,268,850
Virginia	7,986,176	8,335,477	8,351,230
Washington	6,973,564	7,499,718	7,792,103
West Virginia	2,569,042	3,586,658	3,792,384
Wisconsin	7,149,500	8,240,236	8,534,858
Wyoming	1,809,985	2,229,544	2,268,850
District of Columbia	1,806,642	2,229,544	2,268,850
Puerto Rico	7,043,977	12,109,055	12,205,668
American Samoa	701,253	784,483	798,283
Northern Marianas	399,584	447,010	454,873
Guam	1,636,053	1,830,231	1,862,424
Virgin Islands	1,347,916	1,507,896	1,534,420
Palau	205,194	0	0
Dept. of Interior	—	4,569,620	4,650,000
Native Hawaiian	—	913,924	930,000
Evaluation	—	1,000,000	1,000,000
TOTAL	369,500,000	456,962,000	465,000,000

SCHOOL IMPROVEMENT PROGRAMS

Christa McAuliffe Fellowships

State or Outlying Area	1994 Appro. for 1995	1995 Estimate for 1996	1996 Request for 1997
Alabama	\$27,780	\$27,762	0
Alaska	46,001	47,400	0
Arizona	32,111	32,293	0
Arkansas	27,882	28,256	0
California	110,448	84,960	0
Colorado	34,064	34,547	0
Connecticut	48,380	49,793	0
Delaware	35,584	37,304	0
Florida	42,209	32,684	0
Georgia	30,394	30,953	0
Hawaii	35,564	37,564	0
Idaho	27,124	27,821	0
Illinois	41,567	39,791	0
Indiana	35,026	36,118	0
Iowa	30,078	31,034	0
Kansas	31,653	33,849	0
Kentucky	31,796	32,048	0
Louisiana	26,897	28,446	0
Maine	31,000	31,158	0
Maryland	39,890	39,916	0
Massachusetts	38,980	39,370	0
Michigan	42,735	44,912	0
Minnesota	35,485	36,146	0
Mississippi	25,098	25,098	0
Missouri	29,762	30,263	0
Montana	28,418	28,446	0
Nebraska	28,048	29,631	0
Nevada	34,873	35,143	0
New Hampshire	34,165	34,949	0
New Jersey	42,258	43,960	0
New Mexico	27,026	27,328	0
New York	59,642	46,349	0
North Carolina	29,655	30,194	0
North Dakota	25,230	25,967	0
Ohio	39,558	35,535	0
Oklahoma	26,099	26,696	0
Oregon	35,123	36,956	0
Pennsylvania	39,876	42,451	0
Rhode Island	37,510	39,071	0
South Carolina	28,910	30,101	0
South Dakota	23,990	25,018	0
Tennessee	29,480	29,829	0
Texas	69,912	53,794	0
Utah	27,129	28,056	0
Vermont	34,655	35,869	0
Virginia	32,607	33,275	0
Washington	35,868	36,832	0
West Virginia	28,187	31,210	0
Wisconsin	36,284	37,004	0
Wyoming	31,338	30,982	0
District of Columbia	39,962	39,863	0
Puerto Rico	0	14,377	0
American Samoa	13,233	13,143	0
Northern Marianas	27,566	26,585	0
Guam	35,534	35,534	0
Virgin Islands	32,329	31,580	0
Palau	12,027	10,786	0
TOTAL	1,964,000	1,946,000	0

SCHOOL IMPROVEMENT PROGRAMS

Education for Homeless Children and Youth

State or Outlying Area	1994 Appro. for 1995	1995 Estimate for 1996	1996 Request for 1997
Alabama	\$468,297	\$526,701	\$549,590
Alaska	50,000	100,000	100,000
Arizona	365,859	411,743	429,637
Arkansas	280,934	315,640	329,357
California	2,780,827	3,070,819	3,204,272
Colorado	252,956	275,011	286,963
Connecticut	197,889	218,341	227,830
Delaware	50,846	100,000	100,000
Florida	1,053,530	1,167,979	1,218,737
Georgia	613,474	702,127	732,640
Hawaii	69,922	100,000	100,000
Idaho	81,377	100,000	100,000
Illinois	1,161,822	1,326,321	1,383,961
Indiana	393,791	456,120	475,942
Iowa	189,344	213,548	222,628
Kansas	183,338	219,256	228,785
Kentucky	463,542	523,860	546,626
Louisiana	705,606	795,662	830,241
Maine	96,845	107,327	111,991
Maryland	321,934	359,370	374,987
Massachusetts	454,590	505,660	527,636
Michigan	1,116,305	1,270,350	1,325,557
Minnesota	306,680	346,094	361,135
Mississippi	465,240	523,561	546,314
Missouri	434,134	480,489	501,370
Montana	96,801	105,738	110,334
Nebraska	113,942	115,869	120,904
Nevada	68,157	100,000	100,000
New Hampshire	53,980	100,000	100,000
New Jersey	577,499	587,160	612,677
New Mexico	220,426	248,540	259,341
New York	2,319,824	2,581,756	2,693,954
North Carolina	480,783	540,999	564,510
North Dakota	62,974	100,000	100,000
Ohio	1,100,757	1,263,058	1,317,948
Oklahoma	311,748	351,718	367,003
Oregon	236,371	277,299	289,350
Pennsylvania	1,134,405	1,276,040	1,331,494
Rhode Island	81,557	100,000	100,000
South Carolina	339,859	384,722	401,441
South Dakota	72,566	100,000	100,000
Tennessee	458,245	510,895	533,098
Texas	2,210,013	2,431,830	2,537,514
Utah	119,241	136,002	141,912
Vermont	50,000	100,000	100,000
Virginia	386,954	416,255	434,345
Washington	351,978	414,412	432,422
West Virginia	246,823	294,584	307,387
Wisconsin	443,414	515,441	537,841
Wyoming	52,131	100,000	100,000
District of Columbia	81,525	100,000	100,000
Puerto Rico	963,475	1,063,892	1,110,126
American Samoa	5,579	6,352	6,816
Northern Marianas	2,965	3,377	3,232
Guam	5,418	5,838	6,632
Virgin Islands	9,503	10,961	11,608
Palau	2,005	2,283	1,712
Dept. of Interior	50,000	50,000	50,000
Evaluation and Dissemination	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>
TOTAL	25,470,000	28,811,000	30,000,000

SCHOOL IMPROVEMENT PROGRAMS

Foreign Language Assistance

State or Outlying Area	1994 Appro. for 1995	1995 Estimate for 1996	1996 Request for 1997
Alabama	\$194,116	—	—
Alaska	0	—	—
Arizona	181,420	—	—
Arkansas	114,343	—	—
California	1,412,297	—	—
Colorado	161,506	—	—
Connecticut	132,852	—	—
Delaware	54,014	—	—
Florida	539,717	—	—
Georgia	316,961	—	—
Hawaii	54,014	—	—
Idaho	60,054	—	—
Illinois	531,508	—	—
Indiana	263,475	—	—
Iowa	135,059	—	—
Kansas	122,490	—	—
Kentucky	0	—	—
Louisiana	0	—	—
Maine	55,668	—	—
Maryland	210,451	—	—
Massachusetts	237,111	—	—
Michigan	445,320	—	—
Minnesota	217,282	—	—
Mississippi	136,025	—	—
Missouri	242,744	—	—
Montana	54,014	—	—
Nebraska	79,880	—	—
Nevada	57,800	—	—
New Hampshire	54,014	—	—
New Jersey	0	—	—
New Mexico	83,727	—	—
New York	762,634	—	—
North Carolina	292,244	—	—
North Dakota	54,014	—	—
Ohio	505,824	—	—
Oklahoma	156,126	—	—
Oregon	138,574	—	—
Pennsylvania	506,783	—	—
Rhode Island	54,014	—	—
South Carolina	167,659	—	—
South Dakota	54,014	—	—
Tennessee	222,851	—	—
Texas	893,958	—	—
Utah	119,196	—	—
Vermont	54,014	—	—
Virginia	0	—	—
Washington	240,727	—	—
West Virginia	82,291	—	—
Wisconsin	242,069	—	—
Wyoming	54,014	—	—
District of Columbia	54,014	—	—
Puerto Rico	0	—	—
American Samoa	17,837	—	—
Northern Marianas	10,164	—	—
Guam	41,615	—	—
Virgin Islands	34,285	—	—
Palau	5,219	—	—
TOTAL	10,912,000	—	—

Department of Education

VIOLENT CRIME REDUCTION PROGRAMS

Fiscal Year 1996 Budget Request

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[SCHOOL IMPROVEMENT PROGRAMS]

VIOLENT CRIME REDUCTION PROGRAMS'

[In addition to amounts otherwise appropriated in this Act, \$11,100,000 to] For activities authorized by section 30402 of Public Law 103-322, \$31,000,000, to remain available until expended², which shall be derived from the Violent Crime Reduction Trust Fund, for carrying out the Family and Community Endeavor Schools [Act] Grant Program.³
(Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 1995.)

Note--Each language provision that is followed by a footnote reference is explained in the Analysis of Language Provisions and Changes document which follows the appropriation language.

VIOLENT CRIME REDUCTION PROGRAMS

Analysis of Language Provisions and Changes

Language Provision	Explanation
¹ <u>[SCHOOL IMPROVEMENT PROGRAMS] VIOLENT CRIME REDUCTION PROGRAMS</u>	This change provides that funds be appropriated in a Government-wide Violent Crime Reduction Programs account rather than to the Department of Education in the School Improvement Programs account.
² <u>...For activities authorized by section 30402 of Public Law 103-322, \$31,000,000, to remain available until expended...</u>	This language provides that the \$31,000,000 appropriated for the Family and Community Endeavor Schools program be available for obligation beyond fiscal year 1996.
³ <u>...which shall be derived from the Violent Crime Reduction Trust Fund, for carrying out the Family and Community Endeavor Schools [Act] Grant Program.</u>	This language provides that the funds appropriated in this account for the Family and Community Endeavor Schools program be derived from the Violent Crime Reduction Trust Fund established by Title XXXI of the Violent Crime Control and Law Enforcement Act of 1994.

VIOLENT CRIME REDUCTION PROGRAMS

Amounts Available for Obligation
(\$ in 000s)

	1994	1995	1996
<u>Current authority:</u>			
Real transfer from			
<u>Violent Crime Trust Fund</u> for:			
Family and community endeavor			
schools	—	<u>\$11,100</u>	<u>\$31,000</u>
Total obligations	—	11,100	31,000

VIOLENT CRIME REDUCTION PROGRAMS

Obligations by Object
(\$ in 000s)

	1994	1995	1996
Other services (peer review costs)	—	\$111	\$310
Grants, subsidies, and contributions	—	<u>10,989</u>	<u>30,690</u>
Total	—	11,100	31,000

VIOLENT CRIME REDUCTION PROGRAMS

Summary of Changes
(\$ in 000s)

1995	\$11,100	
1996	<u>31,000</u>	
Net change	+19,900	
	<u>1995 base</u>	<u>Change from base</u>
<u>Increases:</u>		
<u>Program:</u>		
Increase in the Family and Community Endeavor Schools program to enhance the Department's crime and drug prevention efforts through the support of integrated services projects	\$11,100	<u>+\$19,900</u>
Subtotal, increases		+19,900
Net change		+19,900

VIOLENT CRIME REDUCTION PROGRAMS

Authorizing Legislation

Activity	1995 Authorized	1995 Estimate	1996 Authorized	1996 Request
Family and community endeavor schools (VCCLEA, section 30402)	\$11,100,000	\$11,100,000	\$31,050,000	\$31,000,000
Total definite authorization	11,100,000		31,050,000	
Total appropriation		11,100,000		31,000,000

VIOLENT CRIME REDUCTION PROGRAMS

Table of Estimates and Appropriations
(\$ in 000s)

	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1995	—	—	—	\$11,100 ¹
1996	\$31,000			

¹ This program was not authorized prior to 1995.

VIOLENT CRIME REDUCTION PROGRAMS

Family and community endeavor schools

(Violent Crime Control and Law Enforcement Act of 1994, section 30402)

1996 Authorization (\$ in 000s): \$31,050

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$11,100 ¹	\$31,000	+\$19,900

¹ Adjusted for comparability. Funds were appropriated in the School Improvement Programs account.

PURPOSE AND METHOD OF OPERATION

This new program, authorized by the Violent Crime Control and Law Enforcement Act of 1994 and funded from the Violent Crime Reduction Trust Fund established by Title XXXI of that Act, provides competitive grants to local educational agencies (LEAs) and community-based organizations (CBOs) to support programs in high-poverty and high-crime areas to improve the academic and social development of at-risk students. Funds are to be used to serve the comprehensive needs of at-risk students and may support activities such as homework assistance and after-school educational, social, and athletic programs; nutrition services; mentoring programs; family counseling; and parental training programs. Grantees are required to institute a collaborative structure that trains and coordinates the efforts of teachers, administrators, social workers, guidance counselors, parents, and school volunteers to provide these services in a concurrent manner in public schools. Grants are to be for a minimum of \$250,000.

To be eligible for a grant, an LEA or CBO must: (1) develop a community planning process that includes parents and family members, local school officials, teachers, public housing resident organization members (where applicable), and other organizations that provide education, child protective services, or other human services to low-income, at-risk children and their families; (2) develop a strategy for implementing this process that targets clusters of at-risk children in the community to be served; and (3) provide a 30 percent match using non-Federal funds, at least half of which must be provided by private or nonprofit sources.

VIOLENT CRIME REDUCTION PROGRAMS

Family and community endeavor schools

Funding levels for the past 5 fiscal years are as follows:

	(\$ in 000s)
1991	0 ¹
1992	0 ¹
1993	0 ¹
1994	0 ¹
1995	\$11,100

¹ This program was not authorized prior to 1995.

1996 BUDGET REQUEST

For 1996, \$31 million is requested from the Violent Crime Reduction Trust Fund for the Family and Community Endeavor Schools (FACES) program. This program supports a number of the Administration's goals and priorities, including crime and drug prevention among at-risk youth; targets Federal resources on areas of high need; and demonstrates comprehensive programs of integrated services at the local level to further promote systemic reform and continued progress toward attainment of the National Education Goals.

IMPACT DATA (\$ in 000s)

	1994	1995	1996
Number of awards	—	22	61
Average award	—	\$500	\$503
Peer review of new award applications	—	\$111	\$310

BILINGUAL AND IMMIGRANT EDUCATION**Fiscal Year 1996 Budget Request****CONTENTS**

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BILINGUAL AND IMMIGRANT EDUCATION

For carrying out, to the extent not otherwise provided, bilingual and immigrant education activities authorized by [titles] title VII [and IX]¹ of the Elementary and Secondary Education Act [as amended by the Improving America's Schools Act, as enacted into law and by title IV of the Carl D. Perkins Vocational and Applied Technology Education Act, \$245,200,000]², \$300,000,000, of which [\$25,180,000] \$28,980,000 shall be for training activities³ [under part C or]⁴ under subpart 3 of Part A of title VII, [or under the comparable citation which may be designated by amendments to the authorizing legislation,]⁵ and [\$50,000,000] \$100,000,000 shall be for the immigrant education program authorized by part C: Provided, That State educational agencies may use all, or any part of, their part C allocation for competitive grants to local educational agencies⁶ (*Department of Education Appropriations Act, 1995*.)

Note—Each language provision that is followed by a footnote reference is explained in the Analysis of Language Provisions and Changes document which follows the appropriation language.

BILINGUAL EDUCATION

Analysis of Language Provisions and Changes

Language Provision	Explanation
¹ ...[titles] <u>title VII</u> [and IX]...	The citation is deleted since the Emergency Immigrant Education program was reauthorized as Part C of Title VII.
² ...[as amended by the Improving America's Schools Act, as enacted into law and by title IV of the Carl D. Perkins Vocational and Applied Technology Education Act, \$245,200,000]...	These citations are no longer necessary since the Improving America's Schools Act was enacted and no funding is requested under the Carl D. Perkins Vocational and Applied Technology and Education Act.
³ ... of which [\$25,180,000] <u>\$28,980,000</u> shall be for training activities...	This language overrides the statutory requirement that 25 percent of the Part A appropriation be used for Subpart 3, Professional Development (training programs).
⁴ ...[under part C or]...	The new citation for training programs is Subpart 3 of Part A of Title VII.
⁵ ...[or under the comparable citation which may be designated by amendments to the authorizing legislation]...	The new citation for training programs is Subpart 3 of Part A of Title VII.
⁶ <u>...authorized by part C: Provided, That State educational agencies may use all, or any part of, their part C allocation for competitive grants to local educational agencies.</u>	This provision provides flexibility to States to make subgrants on a formula or discretionary grant basis, thus permitting States to channel funds to those districts most in need of assistance.

BILINGUAL EDUCATION

Amounts Available for Obligation
(\$ in 000s)

	1994	1995	1996
<u>Current authority:</u>			
Annual appropriation	\$240,155	\$245,200	\$300,000
Comparative transfer to <u>School Improvement</u> for: Technical assistance for improving ESEA programs	-13,351	0	0
Subtotal, comparable current authority	226,804	245,200	300,000
Unobligated balance, start of year	0	37	0
Unobligated balance, end of year	-37	0	0
Unobligated balance expiring	<u>-313</u>	<u>0</u>	<u>0</u>
Total obligations	226,454	245,237	300,000

BILINGUAL EDUCATIONObligations by Object
(\$ in 000s)

	1994	1995	1996
Printing	\$4	\$4	\$4
Advisory and assistance services	791	800	800
Other contractual services:			
Peer review of applications	613	600	610
Other services	<u>14,058</u>	<u>700</u>	<u>1,390</u>
Subtotal, other	14,671	1,300	2,000
Grants, subsidies and contributions	<u>224,339</u>	<u>243,133</u>	<u>297,196</u>
Total	239,805	245,237	300,000

Note--Amounts shown in 1995 and 1996 for consulting services reflect estimates of contracts that may be classified as consulting services; these amounts may change once the funds are obligated.

BILINGUAL EDUCATIONSummary of Changes
(\$ in 000s)

1995	\$245,200
1996	300,000
Net change	+54,800

	<u>1994 base</u>	<u>Change from base</u>
<u>Increases:</u>		
<u>Program:</u>		
Increase in funding for Support Services, to expand Research and Evaluation activity and increase size of SEA grants.	\$14,330	+\$1,000
Increase in funding for Professional Development, to increase number of training grants by 37.	25,180	+3,800
Increase in funding for Immigrant Education, to increase the per-pupil amount from \$62 to an estimated \$124.	50,000	<u>+50,000</u>
Net change		+54,800

BILINGUAL AND IMMIGRANT EDUCATION

Authorizing Legislation

Activity	1995 Authorized	1995 Estimate	1996 Authorized	1996 Request
Bilingual and immigrant education:				
Instructional services (ESEA VII-A-1)	\$215,000,000 ¹	\$155,690,000	Indefinite	\$155,690,000
Support services (ESEA VII-A-2)	¹	14,330,000	Indefinite ²	15,330,000
Training grants (ESEA VII-A-3)	¹²	25,180,000	Indefinite	28,980,000
Immigrant education (ESEA VII-C)	100,000,000	<u>50,000,000</u>	Indefinite	<u>100,000,000</u>
Total definite authorization	315,000,000			
Total appropriation		245,200,000		300,000,000

¹A total of \$215,000,000 is authorized for ESEA VII Part A activities.²Section 7103(b) of the law reserves a minimum of 25 percent of the total Part A appropriation for subpart 3 programs.

BILINGUAL AND IMMIGRANT EDUCATION

Table of Estimates and Appropriations
(\$ in 000s)

	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1987	142,951	179,951	138,955	173,095
1988	143,095	198,981	198,981	190,504
1988 Reapprop.	—	—	—	1,247
1989	200,504	201,782	197,009	197,394
1990	204,106	194,761	182,586	188,674
1991	205,537	205,000	196,779	198,014
1991 Sequester	—	—	—	-3
1992	200,789	249,000	201,814	225,407
1993	233,645	231,308	224,191	225,745
1994	232,251	242,789	232,251	240,155
1995	253,920	247,572	238,082	245,200
1996	300,000			

BILINGUAL AND IMMIGRANT EDUCATION

Summary of Request
(\$ in 000s)

	1995	1996	Change
Bilingual and immigrant education			
Instructional services	\$155,690	\$155,690	0
Support services	14,330	15,330	+\$1,000
Training grants	25,180	28,980	+3,800
Immigrant education	<u>50,000</u>	<u>100,000</u>	<u>+50,000</u>
Total	245,200	300,000	+54,800

The Bilingual and Immigrant Education programs address the National Education Goals promoting student achievement and high school completion. Bilingual programs assist limited English proficient students in learning English, meeting challenging State performance standards, and completing elementary and secondary school. Because of the importance of these programs in assisting States and local educational agencies to meet the National Education Goals and to promote systemic educational reform, the Department requests \$300,000,000, an increase of \$54,800,000 for Bilingual and Immigrant Education in fiscal year 1996. The request provides increases for Support Services and Training Grants and doubles funding available for Immigrant Education. In addition, the Department proposes special appropriation language for Immigrant Education to provide additional flexibility to States in the distribution of funds to eligible school districts.

The purpose of the Bilingual Education program is to assist local school districts in building their capacity to operate high-quality instructional programs for limited English proficient (LEP) students. Under the recent reauthorization, such programs will be designed to help LEP students meet the challenging State performance standards expected of all children. Grants to State educational agencies (SEAs) provide funds for coordinating services within the State consistent with State educational reform plans. Professional Development grants prepare new teachers to provide services to LEP students and improve the skills of existing teachers.

According to the 1990 Census, there were, in that year, 6,323,000 children in the United States aged 5-17, who spoke a language other than English at home. Of this group, 3,935,000 were reported to speak English "very well," 1,481,000 spoke English "well," and 908,000 spoke English "not well" or "not at all." Based on the Department's analyses of 1980 Census data, the limited English proficient student population includes all the students in the "not well" and "not at all" categories, plus about half of the "well" category. Comparing the

BILINGUAL AND IMMIGRANT EDUCATIONSummary of Request – Continued

numbers from the two decennial Censuses, we can estimate that this population grew by 27 percent between 1980 and 1990. Another study, which collected data from a representative sample of school districts, found that the population grew by 70 percent between 1984 and 1992. Based on either source, and using any methodology, the number of LEP children has clearly grown substantially, and the needs of school districts for programs to serve those children, and trained staff to work in those programs, have grown accordingly.

Under the reauthorization, the Bilingual Education Act now provides Federal assistance for three distinct kinds of activities related to improving the quality of instruction for limited English proficient students. Under Subpart 1 (Instructional Services), the Department makes awards primarily to local educational agencies for the implementation of instructional programs designed to assist limited English proficient students in meeting challenging State performance standards. Subpart 2 (Support Services) authorizes grants and contracts for research and evaluation and grants for Academic Excellence projects that disseminate information on successful bilingual models. Subpart 2 also supports grants to State educational agencies for data collection and technical assistance to school districts with LEP students and a contract for the National Clearinghouse for Bilingual Education to disseminate information on bilingual education. Subpart 3 (Professional Development) authorizes grants for professional development of personnel serving or planning to serve limited English proficient students.

Federal assistance under the Bilingual Education Act is also designed to assist local schools, States, and institutions of higher education to build their capacity to operate, on a regular basis, activities similar to those supported under the Federal program. Since the program began in 1969, Congress has appropriated more than \$3.3 billion to meet the goals of the Act.

The Immigrant Education program, authorized by Part C of Title VII, provides formula grants to assist local schools that have large concentrations of recent immigrant students. When the appropriation exceeds \$50 million, States may use up to 20 percent of their allocation for competitive grants to local educational agencies. Recent studies have demonstrated the significant impact of recent immigrant students on local educational agencies, particularly in several States.

BILINGUAL AND IMMIGRANT EDUCATION

Bilingual and immigrant education: Instructional services

(Elementary and Secondary Education Act, Title VII, Part A, Subpart 1)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$155,690	\$155,690	0

PURPOSE AND METHOD OF OPERATION

Under Instructional Services, the Department provides two- to five-year competitive grants, primarily to school districts, to improve the quality of instructional programs for LEP students. While the previous statute required grant competitions differentiated on the basis of instructional method and the group to be served, the new reauthorization reduced the number of categories of competitive grants, and restructured them to promote systemic educational reform. The reauthorization permits schools to select the instructional approach best suited to their students and authorizes services to preschool students and to parents to assist in the education of their children in all categories. All programs must be designed to teach English and assist students in meeting the same challenging State standards required of all students.

Under the reauthorization, the Department is implementing the following Instructional services programs:

Program Development and Implementation grants assist school districts in implementing new comprehensive programs for limited English proficient (LEP) students.

Program Enhancement grants expand or enhance existing instructional programs for LEP students.

Comprehensive School grants and **System-wide grants** promote systemic educational reform as it relates to LEP students within an entire school or school district. These grants are larger, longer-term, and limited to schools and school districts with concentrations of such students.

These different grant types are all designed to build local capacity to provide high-quality services for LEP students. No more than 25 percent of the funds in any of the four grant

BILINGUAL AND IMMIGRANT EDUCATION**Bilingual and immigrant education: Instructional services**

categories may be used for programs that do not make use of students' native language, unless the applicant demonstrates that it is unable to implement a program that uses that language.

The Department selects grantees annually through national competitions. Grants usually support services provided in the subsequent school year.

Funding levels for the past 5 years, which have not been adjusted for comparability, were as follows:

	(\$ in 000s)
1991	121,037
1992	147,407
1993	149,696
1994	152,728
1995	155,690

1996 BUDGET REQUEST

The Department proposes to fund Instructional Services at \$155,690,000, the same as the 1995 appropriation. As reauthorized, these grants strongly support systemic educational reform for LEP students and prepare school districts to continue to provide high-quality services when Federal funds are no longer available. Bilingual instructional grants provide critical assistance to school districts to help ensure that the Nation's growing LEP student population achieves to the same challenging State standards as all other students. The Department estimates that of the amount requested, \$118,500,000 will be available for new and continuation awards under the new statute. The balance of the request would cover third-year continuation awards to grantees originally funded under the previous statute.

IMPACT DATA (\$ in 000s)

	1994	1995	1996
Grants under new legislation			
Program development grants	0	\$25,100	\$24,800
Number of projects	0	143	143
Number of students	0	125,500	124,000

BILINGUAL AND IMMIGRANT EDUCATION

Bilingual and immigrant education: Instructional services

	1994	1995	1996
Enhancement grants	0	\$22,400	\$36,690
Number of projects	0	149	294
Number of students	0	112,000	183,450
Comprehensive school grants	0	\$24,900	\$38,001
Number of projects	0	100	169
Number of students	0	83,000	126,670
System-wide grants	0	\$17,400	\$19,000
Number of projects	0	25	31
Number of students	0	174,000	190,000

Continuations - antecedent legislation

Special competitions

Math/Science	\$24,702	\$24,700	0
Number of projects	159	159	0
Number of children	57,181	57,181	0
Recent arrivals	\$10,316	0	0
Number of projects	76	0	0
Number of children	20,591	0	0
Middle schools	\$604	0	0
Number of projects	4	0	0
Number of children	316	0	0
Transitional programs	\$60,368	\$22,018	\$22,000
Number of projects	449	154	154
Number of children	152,830	55,742	55,742
Developmental programs	\$10,362	\$3,748	\$3,721
Number of projects	61	19	19
Number of children	17,213	6,226	6,226
Alternative programs	\$27,249	\$6,927	\$6,927
Number of projects	224	44	44
Number of children	64,589	16,419	16,419

BILINGUAL AND IMMIGRANT EDUCATION

Bilingual and immigrant education: Instructional services

	1994	1995	1996
Family English literacy	\$6,486	\$3,101	\$2,245
Number of projects	46	22	16
Number of students	8,885	4,248	3,075
Special populations	\$8,182	\$4,946	\$1,856
Number of projects	46	28	9
Number of children	7,905	4,779	1,793
Peer review of applications for new awards	\$486	\$450	\$450
Total -- Budget authority	\$148,755	\$155,690	\$155,690
Total -- Projects	1,065	843	878
Total -- Students	329,510	639,095	707,375

BILINGUAL AND IMMIGRANT EDUCATION

Bilingual and immigrant education: Support services

(Elementary and Secondary Education Act, Title VII, Part A, Subpart 2)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$14,330	\$15,330	+\$1,000

PURPOSE AND METHOD OF OPERATION

Support Services authorizes four different activities designed to obtain and disseminate essential information for the implementation of educational reform measures to benefit LEP students. Taken together, the four activities create a national knowledge base that States and localities, on their own, would likely be unable to duplicate.

The recently reauthorized Bilingual Education Act authorizes grants and contracts for four activities:

Research and Evaluation grants and contracts are designed to add to the knowledge base on effective instruction for LEP students. These awards focus on systemic educational reform as it relates to LEP students.

Academic Excellence grants and contracts support the dissemination of effective instructional models. Under the new statute, the Department also supports the dissemination of professional development models and uses a peer review process in selecting models for dissemination. Peer reviewers visit proposed model sites and evaluate their potential for dissemination.

State Educational Agency (SEA) grants support State data collection and technical assistance activities. Under the new statute, grants also support comprehensive planning for services to LEP students and SEA review of Instructional Services and Professional Development applications from within the State. Since the Department considers these comments in making awards, States have now become, effectively, a partner with the Federal Government in selecting grantees.

The **National Clearinghouse** contract supports the collection, analysis, and dissemination of information about programs for limited English proficient students. States and local educational agencies are the primary beneficiaries of these services.

BILINGUAL AND IMMIGRANT EDUCATION**Bilingual and immigrant education: Support services**

Funding levels for the past 5 years, which have not been adjusted for comparability, were as follow:

(\$ in 000s)

1991	.....	\$11,632
1992	.....	12,000
1993	.....	10,879
1994	.....	12,004
1995	.....	14,330

1996 BUDGET REQUEST

The Department requests \$15,330,000 for Support Services, which is \$1,000,000 more than the 1995 appropriation. The increase would permit the Department to conduct a series of studies related to assessment of systemic educational reform efforts for limited English proficient students. The current research plan calls for the following studies:

A synthesis of data on existing school-wide programs to inform implementation of the newly authorized Comprehensive School Grants under Subpart 1;

A study of State performance standards relating to limited English proficient students;

A study of services for LEP students at the secondary school level;

A program of field-generated research; and

A 5-year study on systemic changes in schools serving LEP students.

The Academic Excellence activity will fund an estimated 10 new projects selected through a peer review process. At the request level, the Department would increase the size of SEA grants to cover the cost of their review of applications under Subparts 1 and 2, thus allowing them to exercise their new partnership role with the Federal Government. The National Clearinghouse for Bilingual Education would receive a small increase to permit the Clearinghouse to continue operating at the same level as in fiscal year 1995.

BILINGUAL AND IMMIGRANT EDUCATION

Bilingual and immigrant education: Support services

IMPACT DATA (\$ in 000s)

	1994	1995	1996
Research and evaluation	\$2,285	\$1,980	\$2,130
Academic excellence	\$3,973	\$4,100	\$4,100
Number of projects	18	21	21
Grants to SEAs	\$6,938	\$7,250	\$8,000
Number of projects	53	53	53
Clearinghouse	\$995	\$1,000	\$1,100
Total -- Budget authority	\$14,191	\$14,330	\$15,330

BILINGUAL AND IMMIGRANT EDUCATION

Bilingual and immigrant education: Professional development

(Elementary and Secondary Education Act, Title VII, Part A, Subpart 3)

1996 Authorization (\$ in 000s): Indefinite¹

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$25,180	\$28,980	+\$3,800

¹ Section 7103(b) of the Act requires the Department to reserve at least 25 percent of the Part A appropriation for Subpart 3.

PURPOSE AND METHOD OF OPERATION

The purpose of grants under Subpart 3 is to increase the pool of trained teachers and strengthen the skills of teachers providing instruction to limited English proficient students. States and local school districts with large LEP student populations uniformly describe the absence of a sufficient supply of trained teachers as the single biggest barrier to the implementation of high-quality programs for LEP students. For example, in 1990 the California state educational agency characterized the shortage of bilingual teachers as a "staffing crisis," and indicated a need for at least 8,000 additional bilingual teachers in California alone. A recent Federal study of local school districts found that 79 percent that had recently tried to hire Spanish-language bilingual teachers reported significant difficulty. For other language groups, this percentage was even higher.

While the Department has made bilingual professional development grants since 1974, these projects were not always effective in graduating individuals with the skills local schools needed. To remedy this problem, the reauthorized law creates a much stronger link between institutions of higher education and State and local educational agencies. In the case of two of the newly authorized activities, applicant institutions of higher education must enter into consortium arrangements with local and State educational agencies in order to apply. The new requirements should result in a much closer correlation between college classes and the needs of local schools. As in the case of Instructional Services grants, States are required to review and comment on applications for grants under Subpart 3 as to their consistency with State systemic educational reform plans.

Under the new statute, **Teachers and Personnel grants** provide assistance to institutions of higher education to provide preservice and inservice professional development for bilingual education teachers and other personnel. Under the **National Professional Development**

BILINGUAL AND IMMIGRANT EDUCATION

Bilingual and immigrant education: Professional development

Institutes activity, the Department provides grants to institutions of higher education to improve the quality of professional development programs. The **Career Ladder program** provides assistance to institutions of higher education to upgrade the skills of noncertified educational personnel and to help recruit secondary school students into the teaching profession to serve limited English proficient students. The **Graduate Fellowship program** provides financial support at the master's or doctoral degree level and for postdoctoral research. Participants must work in the field of bilingual education for a period of time equal to the period of the fellowship or repay the fellowship amount.

Funding levels for the past 5 years, which have not been adjusted for comparability, were as follows:

	(\$ in 000s)
1991	\$36,065
1992	36,000
1993	35,708
1994	36,431
1995	25,180

1996 BUDGET REQUEST

For Subpart 3, Professional Development, the Department requests \$28,980,000, an increase of \$3,800,000 over the 1995 appropriation. This proposal requires special appropriations language to override the statutory requirement that Subpart 3 receive 25 percent of the Part A appropriation.

The Department believes that preservice and inservice professional development is a key element in promoting the kind of systemic educational reform necessary to reach the National Education Goals relating to promoting student achievement and high school completion. This investment is particularly worthwhile under the reauthorized statute because of the coordination now required between institutions of higher education and State and local educational agencies. The increase would fund 61 new projects to train new teachers and to improve the skills of existing teachers. The total number of fellowships would decrease.

The Department proposes to allocate more than \$4 million of the increase to the Career Ladder program, for upgrading the skills of noncertified educational personnel and helping recruit secondary school students into the teaching profession to serve LEP students. In 1995, because of limited funding, the Department will be unable to make Career Ladder grants.

Of the funds requested, the Department would use \$20,528,000 to make awards under the new legislation, with the balance for continuation grants for projects originally funded under the antecedent law.

BILINGUAL AND IMMIGRANT EDUCATION

Bilingual and immigrant education: Professional development

IMPACT DATA (\$ in 000s)

	1994	1995	1996
<u>New legislation</u>			
Teachers and personnel grants	---	\$5,630	\$10,800
Number of projects	---	33	63
National professional institutes	---	\$500	\$1,500
Number of projects		2	5
Career ladder	---	---	\$4,226
Number of projects	---	---	28
Graduate fellowships	---	\$1,400	\$4,000
Number of fellows	---	84	240
<u>Continuations - antecedent legislation</u>			
Educational personnel:			
Math/Science competition	\$4,630	\$4,800	---
Number of projects	25	25	---
Regular competition	\$10,124	\$5,200	\$5,100
Number of projects	61	31	31
Fellowships	\$5,784	\$6,000	\$1,800
Number of fellows	436	430	129
Training development institutes	\$893	---	---
Number of projects	3	---	---
Training institutes	\$3,302	\$1,500	\$1,394
Number of projects	26	10	10
Peer review of applications for new awards	\$133	\$150	\$160
Total -- Budget authority	\$24,866	\$25,180	\$28,980

BILINGUAL AND IMMIGRANT EDUCATION

Bilingual and immigrant education: Immigrant education

(Elementary and Secondary Education Act, Title VII, Part C)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$50,000	\$100,000	+\$50,000

PURPOSE AND METHOD OF OPERATION

The Immigrant Education program provides Federal assistance to local educational agencies (LEAs) that have large numbers of recently arrived immigrant students. LEAs then use those funds for enhanced instructional opportunities for immigrant children and youth or for basic instructional services directly attributable to the presence of immigrant children. Eligible LEAs are those that enroll at least 500 recent immigrant students or where those students represent at least 3 percent of the total enrollment. Immigrant students may only be counted if they have been enrolled in U.S. schools for less than three complete academic years.

The Department makes grants to State educational agencies, which then make subgrants to eligible LEAs within the State based on the number of eligible immigrant students in the district. A recent GAO study found that most of the LEAs that receive these funds have a bilingual education program and use Immigrant Education funds for its support.

As reauthorized, the Emergency Immigrant Education Act requires States to coordinate activities with other programs funded under the Improving America's Schools Act and the Goals 2000: Educate America Act. The new statute also authorizes States to use up to 20 percent of their allocation for discretionary activities when the appropriation exceeds \$50 million.

Funding levels for the past 5 years, were as follows:

	(\$ in 000s)
1991	\$29,277
1992	30,000
1993	29,462
1994	38,992
1995	50,000

BILINGUAL AND IMMIGRANT EDUCATION

Bilingual and immigrant education: Immigrant education

1996 BUDGET REQUEST

The Department requests \$100,000,000 for this program, an increase of \$50,000,000 over the fiscal year 1995 appropriation. The Department's request responds to evidence of the financial burden that educating immigrant students places on school districts, particularly in the States where immigrants are concentrated.

Data from the 1990 Census show that the burden of educating immigrant students falls disproportionately on seven States: Arizona, California, Florida, Illinois, New Jersey, New York, and Texas. In the spring of 1990, those seven States enrolled almost 80 percent of the Nation's immigrant students. The Department's Immigrant Education program is well designed to respond to the needs of those States: in 1994, they received 81 percent of program funding.

While the statute requires that States suballocate 80 percent of their award to local school districts based on the number of eligible immigrant students enrolled, this requirement spreads funds thinly within States and prevents States from considering the relative need of school districts in making subgrants. In order to provide States with the flexibility to channel funds to those districts most in need of assistance, and in amounts that will make a difference, the Department proposes special appropriations language to permit States to allocate all or any part of the funds to LEAs on a discretionary basis.

IMPACT DATA

	1994	1995	1996
Number of State grantees	37	37	37
Per pupil amount (in whole dollars)	\$49	\$62	\$124
Number of children	808,407	808,407	808,407

BILINGUAL AND IMMIGRANT EDUCATION

Immigrant Education – Distribution of Budget Authority by State 1991-1994

State or Outlying Area	1991	1992	1993	1994
Alabama	0	0	0	0
Alaska	0	0	0	0
Arizona	\$581,500	\$616,603	\$605,857	\$874,485
Arkansas	0	0	0	0
California	13,617,065	13,415,739	12,073,631	15,281,754
Colorado	88,724	138,496	146,747	210,551
Connecticut	188,012	189,940	157,733	208,672
Delaware	0	0	0	0
Florida	1,017,709	1,282,260	1,538,453	2,229,576
Georgia	163,903	162,426	166,187	315,248
Hawaii	123,779	121,849	124,453	179,233
Idaho	13,928	53,178	71,661	133,847
Illinois	1,435,391	1,505,726	1,523,757	2,196,812
Indiana	0	0	0	0
Iowa	10,776	30,288	44,374	58,395
Kansas	81,142	84,585	77,761	108,600
Kentucky	0	0	0	0
Louisiana	143,160	130,518	103,336	112,551
Maine	10,947	9,827	11,093	14,310
Maryland	514,073	511,286	470,882	558,562
Massachusetts	738,758	657,951	582,279	833,242
Michigan	123,737	139,421	142,110	225,342
Minnesota	122,459	115,490	125,916	169,982
Mississippi	0	0	0	0
Missouri	66,618	83,775	64,349	96,169
Montana	4,515	5,972	5,779	11,419
Nebraska	0	11,214	37,275	58,251
Nevada	0	0	89,568	283,497
New Hampshire	0	0	0	0
New Jersey	906,964	909,124	850,733	1,282,481
New Mexico	180,388	207,782	255,220	380,148
New York	4,755,543	5,380,523	5,663,242	7,066,415
North Carolina	0	0	0	0
North Dakota	13,417	12,331	19,405	15,755
Ohio	60,825	76,107	67,238	99,927
Oklahoma	31,222	39,768	45,586	60,949
Oregon	169,696	206,895	184,379	245,289
Pennsylvania	180,686	163,968	159,196	183,040
Rhode Island	309,364	305,700	311,293	428,377
South Carolina	0	0	0	0
South Dakota	0	0	0	0
Tennessee	52,519	66,204	57,786	84,269
Texas	1,793,780	1,592,739	1,994,354	2,620,564
Utah	307,915	313,985	317,785	447,023
Vermont	0	6,204	6,028	8,094
Virginia	462,618	458,492	442,453	549,890
Washington	542,313	522,730	523,245	771,715
West Virginia	0	0	0	0
Wisconsin	62,997	49,518	38,845	68,706
Wyoming	0	0	0	0
District of Columbia	245,387	249,901	150,207	207,467
Puerto Rico	128,337	135,953	124,846	158,612
Guam	26,451	35,530	0	0
Virgin Islands	0	0	87,356	116,213
TOTAL	29,276,618	29,999,998	29,462,398	38,955,432

Department of Education

SPECIAL EDUCATION

Fiscal Year 1996 Budget Request

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SPECIAL EDUCATION

[For carrying out the Individuals with Disabilities Education Act, \$3,252,846,000, of which \$2,998,812,000 shall become available for obligation on July 1, 1995,¹ and shall remain available through September 30, 1996, of which \$292,125,000 for section 686 shall become available for obligation on September 30, 1995,² and shall remain available through September 30, 1996.] (*Department of Education Appropriations Act, 1995.*)

Note--This language is deleted in its entirety because new authorizing legislation will be proposed. Each language provision that is followed by a footnote reference is explained in the Analysis of Language Provisions and Changes document which follows the appropriation language

SPECIAL EDUCATION**Analysis of Language Provisions and Changes**

Language Provision	Explanation
¹ [...\$3,252,846,000, of which \$2,998,812,000 shall become available for obligation on July 1, 1995...]	This provision specifies the amounts to become available on July 1 for the formula grants authorized under the Individuals with Disabilities Education Act.
² [...of which \$292,125,000 for section 686 shall become available for obligation on September 30, 1995, and shall remain available through September 30, 1996.]	The period of availability for most State grants funds encompasses the 1995-96 school year. This provision is added to authorize the remaining funds for the Grants for infants and families program to become available for obligation on September 30, 1995, and to remain available through a period that encompasses the 1995-96 school year.

SPECIAL EDUCATIONAmounts Available for Obligation
(\$ in 000s)

	1994	1995	1996
<u>Current authority:</u>			
Annual appropriation	\$3,198,702	\$3,252,846	\$3,342,126
<u>Permanent authority:</u>			
Spending authority from offsetting collections from non-Federal sources:			
Grantback	<u>400</u>	<u>0</u>	<u>0</u>
Subtotal, gross budget authority	3,109,102	3,252,846	3,342,126
Recovery of prior-year obligations	8,734	0	0
Unobligated balance, start of year	993,140	444,112	0
Unobligated balance, end of year	-444,112	0	0
Unobligated balance expiring	<u>-1,746</u>	<u>0</u>	<u>0</u>
Total obligations	3,665,118 ¹	3,696,958	3,342,126

¹ Includes the following amount for reimbursable activities carried out by this account: 1994 - \$400,000.

SPECIAL EDUCATION

Obligations by Object
(\$ in 000s)

	1994	1995	1996
Rent	\$4	0	0
Advisory and assistance services	934	\$3,400	\$3,400
Other contractual services:			
Peer review	1,042	950	780
Purchases of goods and services from			
Government accounts	634	634	634
Research and development	2,524	1,196	1,196
Other services	<u>13,065</u>	<u>12,019</u>	<u>12,189</u>
Subtotal, Other	17,265	14,799	14,799
Grants, subsidies and contributions	<u>3,646,515</u>	<u>3,678,759</u>	<u>3,323,927</u>
Total	3,664,718	3,696,958	3,342,126

NOTES

Excludes the following obligation from permanent authority: \$1994 - \$400,000.

Amounts shown in 1995 and 1996 for advisory and assistance services reflect estimates of contracts that may be classified as such; these amounts may change once the funds are obligated.

SPECIAL EDUCATION

Summary of Changes
(\$ in 000)

1995	\$3,252,846
(Obligations)	(3,696,958)
1996	3,342,126
(Obligations)	(3,342,126)
Net change	+89,280
(Obligations)	(-354,832)

	<u>1995 base</u>	<u>Change from base</u>
<u>Increases:</u>		
<u>Program:</u>		
Grants for special education - increase to help States provide services to additional children in age groups 3 through 5 and 3 through 21	\$2,772,460	+\$89,280
Program support and improvement - increase for activities previously funded under expiring Special Purpose Funds programs	0	<u>+254,034</u>
Subtotal, increases		+343,314
<u>Decreases:</u>		
<u>Program:</u>		
Special purpose funds - decrease for expiring programs	254,034	<u>-254,034</u>
Net change		+89,280

Authorizing Legislation

Activity	1995 Authorized	1995 Estimate	1996 Authorized	1996 Request
<u>Proposed legislation:</u>				
Grants for special education	---	---	To be determined ¹	\$2,772,460,000
Grants for infants and families	---	---	To be determined ¹	315,632,000
Program support and improvement:				
Research and demonstrations	---	---	To be determined ¹	63,000,000
Technical assistance and systems change	---	---	To be determined ¹	50,000,000
Professional development	---	---	To be determined ¹	97,000,000
Parent training	---	---	To be determined ¹	14,534,000
Technology development and support	---	---	To be determined ¹	29,500,000
<u>Current legislation:</u>				
State grants:				
Grants to States (IDEA-B-611)	Indefinite	\$2,322,915,000	Indefinite	0
Preschool grants (IDEA-B-619)	Indefinite	360,265,000	Indefinite	0
Grants for infants and families (IDEA-H)	Indefinite ²	315,632,000	0	0
Special purpose funds:				
Deaf-blindness (IDEA-C-622)	\$29,200,000 ²	12,832,000	0	0
Serious emotional disturbance (IDEA-C-627)	11,500,000 ²	4,147,000	0	0
Severe disabilities (IDEA-C-624)	12,700,000 ²	10,030,000	0	0
Early childhood education (IDEA-C-623)	40,705,000 ²	25,167,000	0	0
Secondary and transitional services (IDEA-C-626)	49,652,000 ^{2,3}	23,966,000	0	0
Postsecondary education (IDEA-C-625)	11,930,000 ²	8,839,000	0	0
Innovation and development (IDEA-E)	33,200,000 ²	20,635,000	0	0

SPECIAL EDUCATION

Authorizing Legislation -- Continued

Activity	1995 Authorized	1995 Estimate	1996 Authorized	1996 Request
Media and captioning services (IDEA-F)	\$26,600,000 ²	\$19,142,000	0	0
Technology applications (IDEA-G)	15,000,000 ²	10,862,000	0	0
Special studies (IDEA-B-618)	Indefinite ²	4,160,000	0	0
Personnel development (IDEA-D-631(a)-(d) and 632)	149,381,750 ^{2,4}	91,339,000	0	0
Parent training (IDEA-D-631(e))	17,600,000 ^{2,5}	13,535,000	0	0
Cleaninghouses (IDEA-D-633)	2,960,000 ²	2,162,000	0	0
Regional resource centers (IDEA-C-621)	11,052,000 ²	7,218,000	0	0
Unfunded authorizations:				
Architectural barriers removal (IDEA-A-607)	Indefinite	0	Indefinite	0
Training teachers to serve postsecondary students with disabilities (HEA V-F-4-593)	Indefinite	0	Indefinite	0
National Cleaninghouse for Postsecondary Education Materials (HEAA XV-B-1521)	Indefinite	0	Indefinite	0
Total definite authorization	411,480,750	3,252,846,000	0	\$3,342,126,000
Total appropriation				

SPECIAL EDUCATION

Authorizing Legislation -- Continued

IDEA = Individuals with Disabilities Education Act
HEA = Higher Education Act of 1965
HEAA = Higher Education Amendments of 1992

¹ Authorizing legislation to be proposed.

² The GEPA extension applies through September 30, 1995.

³ Amount includes \$13,050,000 authorized for all of section 626 except subsection (e) and \$36,602,000 for subsection (e).

⁴ Amount includes \$25,621,750 specifically for carrying out section 631(a)(7).

⁵ Amount authorized for this program is included in section 635(a)(3), where reference is made to section 632(d), the previous legislative cite for parent training activities. The citation was not updated when the authorization for consortia/partnerships was inserted as subsection (d), moving parent training to subsection (e).

SPECIAL EDUCATIONTable of Estimates and Appropriations
(\$ in 000s)

	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1987	\$1,303,100	\$1,494,420	\$1,741,900	\$1,741,900
1987 Proposed Rescission	-288,659	—	—	—
1988	1,488,181	1,913,800	1,966,990	1,869,019
1989	1,916,882	1,921,882	2,008,623	1,966,438
1990	2,013,827	2,063,827	2,083,776	2,083,776
1990 Sequester				-28,521
1991	2,137,421	2,747,730	2,253,503	2,467,446
1991 Sequester				-32
1992	2,729,853	2,822,676	2,860,756	2,854,895
1993	2,943,400	2,920,103	3,045,773	2,965,602
1994	3,124,921	3,039,442	3,134,734	3,108,702
1995	3,294,959	3,106,634	3,299,459	3,252,846
1996	3,342,126			

SPECIAL EDUCATION**Significant Items in FY 1995 Appropriations Reports****Early Childhood Education - Projects to Promote Services in Natural, Integrated Environments**

Senate: The Committee instructed the Secretary, subject to the availability of funds, to carry out the authority under the Early Education for Children with Disabilities program to support statewide projects which are intended to change the delivery of special education and related services to preschool children with disabilities from segregated to integrated environments.

Response: The Grants for Infants and Families and Preschool Grants programs require that children with disabilities, to the maximum extent appropriate, receive services in natural environments or be educated in settings with children who are not disabled. In addition, the Department is already conducting a number of activities under the Early Childhood Education program to develop and evaluate model programs in integrated, age-appropriate settings that facilitate the interaction between project participants and their peers without disabilities. The Department believes that these projects and requirements are adequate and does not plan to have a priority for statewide projects in 1995.

Media and Captioning Services - Described Video

Senate: The Committee included \$1,500,000 for descriptive video.

Response: The Department plans to award \$1,500,000 for described video activities from FY 1995 funds.

Media and Captioning Services - Recordings for the Blind

House: The Committee included \$3,600,000 for recordings for the blind, an increase of \$100,000 over the 1994 funding level.

Senate: The Committee recommendation included \$3,600,000 for RFB (Recording for the Blind, Inc.).

Response: The Department will award \$3,600,000 under the FY 1995 competition for recordings for the blind.

Media and Captioning Services - Television Captioning

House: The Committee added \$400,000 to expand television captioning, particularly cable television.

Senate: The Committee added \$400,000 to expand cable television captioning.

Response: The Department will provide an additional \$400,000 for closed captioning of programming that will be available on basic cable.

SPECIAL EDUCATION**Significant Items in FY 1995 Appropriations Reports – Continued****Personnel Development - Training in the Use of Assistive Technology Devices**

- Senate:** The Committee directed the Secretary to carry out the new training authority added to section 631(a)(1)(F) of the Individuals with Disabilities Education Act. The new authority supports training of personnel in the use, applications, and benefits of assistive technology devices and services for individuals with disabilities.
- Response:** The Department will support projects in FY 1995 that provide training of personnel in the use, applications, and benefits of assistive technology devices and services for individuals with disabilities.

SPECIAL EDUCATION

Summary of Request
(\$ in 000s)

	1995	1996	Change
Grants for special education:			
Grants to States	\$2,322,915	—	—
Preschool grants	<u>360,265</u>	<u>—</u>	<u>—</u>
Subtotal	2,683,180	\$2,772,460	+\$89,280
Grants for infants and families	<u>315,632</u>	<u>315,632</u>	<u>0</u>
Subtotal	2,998,812	3,088,092	+89,280
Program support and improvement:			
Research and demonstrations	0	63,000	+63,000
Technical assistance and systems change	0	50,000	+50,000
Professional development	0	97,000	+97,000
Parent training	0	14,534	+14,534
Technology development and support	<u>0</u>	<u>29,500</u>	<u>+29,500</u>
Subtotal	0	254,034	+254,034
Special purpose funds:			
Deaf-blindness	12,832	0	-12,832
Serious emotional disturbance	4,147	0	-4,147
Severe disabilities	10,030	0	-10,030
Early childhood education	25,167	0	-25,167
Secondary and transitional services	23,966	0	-23,966
Postsecondary education	8,839	0	-8,839
Innovation and development	20,635	0	-20,635
Media and captioning services	19,142	0	-19,142
Technology applications	10,862	0	-10,862
Special studies	4,160	0	-4,160
Personnel development	91,339	0	-91,339
Parent training	13,535	0	-13,535
Clearinghouses	2,162	0	-2,162
Regional resource centers	<u>7,218</u>	<u>0</u>	<u>-7,218</u>
Subtotal	254,034	0	-254,034
Total	3,252,846	3,342,126 ¹	+89,280

¹ Request pending submission of proposed legislation.

SPECIAL EDUCATION

Summary of Request

The Special Education account includes a variety of formula and discretionary grant programs intended primarily to assist the States in providing special education, related services, and early intervention services to infants, toddlers, children, and youth with disabilities. Special Education programs are authorized under the Individuals with Disabilities Education Act (IDEA). The authorizations for many of these programs will be expiring at the end of 1995, and new legislation is currently under development. The 1996 budget request of \$3.342 billion is based on our current expectations for new legislation and is subject to change based on the final legislative proposal. Formula grants to assist States in providing special education services to children with disabilities, which include the current Grants to States and Preschool Grants programs, do not have expiration dates. However, new authorizing legislation will also be proposed in this area to strengthen the focus of IDEA on improving educational results for children with disabilities, and to eliminate disincentives to best practices and unnecessary burdens.

The legislative proposal would build on 20 years of successful experience in implementing IDEA. Its development is being guided by five key principles:

1. Enable students with disabilities to benefit from State and local education reform efforts by aligning IDEA with those efforts.
2. Promote high expectations for students with disabilities and access to the general curriculum in the regular classroom, wherever appropriate.
3. Address individual student needs in the least restrictive environment.
4. Ensure that those who are closest to students -- families, teachers, and principals -- have the knowledge and training they need to work effectively with students and with each other.
5. Focus on teaching and learning to enable States, districts, and schools to use resources more effectively.

The total of \$3.342 billion includes an increase of \$89.3 million, or about 2.7 percent over the 1995 level. All of this increase would be applied to Grants for Special Education, under which formula grants are awarded to States to help cover State and local costs of providing special education services. The Grants for Special Education total request of \$2.772 billion would help cover the costs of additional children projected to be served. Overall, the per child Federal contribution to States would remain at about 8 percent of the excess cost for providing special education services to children with disabilities.

Changes may also be made in the Grants for Infants and Families program to be reauthorized, which awards formula grants to States to assist them in providing early intervention services to infants and toddlers with disabilities and their families. The request for the Grants for Infants and Families program would be \$315.6 million, the same as the 1995 appropriation level.

The current Special Purpose Funds programs, which evolved over the last 30 years to address special needs in particular areas, include a wide range of research, demonstration, outreach, technical assistance, dissemination, training, and other activities. The new Program Support and Improvement programs would consolidate these 14 discretionary programs into 5 programs that would provide a streamlined and coherent structure to carry out these kinds

SPECIAL EDUCATION**Summary of Request – continued**

of activities, and to focus them to systematically help States improve educational results for children with disabilities. The total request for these new programs would be \$254 million, the same level as total 1995 funding for the Special Purpose Funds programs.

Special education programs have been successful in improving results for children with disabilities. Over the last two decades, States have made tremendous strides in providing access to an appropriate public education for children with disabilities. Today, as a result of Federal legislation, individuals with disabilities have access to education that has enabled them to live independently and lead useful and productive lives. Many individuals who would have been institutionalized in 1975 and denied educational services are now completing secondary school and working in competitive employment.

Research funds for SBIR program -- The Department is required to participate in the Small Business Innovation Research (SBIR) program mandated by the Small Business Innovation Development Act of 1982. Under this program a certain percentage of the Department's research and development funds must be awarded through special competitions to profit-making small businesses. The Small Business Research and Development Enhancement Act of 1993 requires that the amount for this program be gradually increased from 1.25 percent of research funds in 1993 to 2.5 percent in 1997. The Department's contribution to this program must be 2 percent in 1995 and 1996. However, most of the Department's research funds are not available for these awards because the research funds must be awarded to nonprofit recipients, are earmarked for specific purposes by appropriation language, or are authorized for activities that are not compatible with the SBIR program (e.g., research institutes and special studies). The appropriations for Special Education and Rehabilitation Services and Disability Research are major sources of funding in the Department for SBIR awards. In 1995 and 1996, it is estimated that over 3 percent of research funds under these appropriations will be awarded under the SBIR program.

SPECIAL EDUCATION

Grants for special education

(Proposed legislation)

1996 Authorization: To be determined ¹

Budget Authority (\$ in 000s):

	<u>1995</u>	<u>1996</u>	<u>Change</u>
Grants for special education:			
Grants to States	\$2,322,915	—	—
Preschool grants	<u>360,265</u>	<u>—</u>	<u>—</u>
Total	2,683,180	\$2,772,460	+\$89,280

¹The current Grants to States and Preschool Grants programs have indefinite authorizations and do not have expiration dates.

PURPOSE AND METHOD OF OPERATION

In 1975, Congress enacted the Education for All Handicapped Children Act, which is the basis for the current Individuals with Disabilities Education Act. At that time there was substantial variation within and among States as to the extent to which children with disabilities had access to education. It was estimated that as many as one million children were excluded from educational services, and many more were provided inappropriate or inadequate services. Consequently, many of these children were not able to realize their potential to live independently as adults, compete successfully for employment, or contribute meaningfully to society.

Prior to the enactment of this legislation many States had been moving independently toward establishing State laws, regulations, and procedures that brought education within reach of these children. State efforts were given impetus by two landmark Federal court decisions, Pennsylvania Association for Retarded Children v. Commonwealth (1971) and Mills v. Board of Education of the District of Columbia (1972). These decisions established that the responsibility of States and local school districts to educate individuals with disabilities is derived from the Fourteenth Amendment of the United States Constitution. The drafting of Federal legislation was guided by the principles of these court decisions and a recognition of the Federal role in ensuring that all children with disabilities are provided the equal opportunity that the Constitution guarantees.

The current Grants to States and Preschool Grants programs provide formula grants to assist States in meeting the excess costs of providing special education and related services to children with disabilities. The Grants to States program provides assistance to States for serving children with disabilities ages 3 through 21, while the Preschool Grants program provides assistance to States for serving children with disabilities ages 3 through 5. With only small exceptions, the types of services and other substantive requirements for funding are the same under both of these programs. Funds for both programs are provided on a forward-funded basis. The 1995 appropriation will become available on July 1, 1995, and remain available for obligation until September 30, 1996. School districts will use the funds primarily for the 1995-96 school year.

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Grants for special education

Grants to States -- The Grants to States program provides grants to States, the District of Columbia, Puerto Rico, the Secretary of the Interior, and Outlying Areas. In order to be eligible for full funding, States must serve all children with disabilities ages 3 through 21 years, except that they are not required to serve children ages 18 through 21 years if services are inconsistent with State law or practice or the order of any court.

Funds are allocated by formula to States based on the number of children with disabilities ages 3 through 21 that they serve. Outlying Areas and the Bureau of Indian Affairs are allocated 1 percent and 1.25 percent, respectively, of the amounts provided to States.

States must distribute at least 75 percent of their Grants to States awards to local educational agencies and other agencies serving children directly. States may retain up to 20 percent of their awards to provide support and direct services to children with disabilities and for the administrative costs of monitoring and complaint investigation; and up to 5 percent, or \$450,000, whichever is greater, for other administrative costs.

The Improving America's Schools Act of 1994, which reauthorized the Elementary and Secondary Education Act of 1965 (ESEA), eliminated the ESEA Chapter 1 Handicapped program. This program overlapped with Individuals with Disabilities Education Act (IDEA) programs that also serve children with disabilities. For fiscal year 1995, Congress provided funds under the IDEA Grants to States and Grants for Infants and Families programs to offset the termination of the Chapter 1 Handicapped program since, beginning in FY 1995, children previously served under the Chapter 1 Handicapped program are to be served under these IDEA programs.

Preschool grants -- The Preschool Grants program provides grants to States, the District of Columbia, Puerto Rico, and the Outlying Areas on the basis of their proportionate share of the total number of children with disabilities in the 3-through-5-year-old age range who are counted for allocations under the Grants to States program. In order to be eligible for these grants, States must serve all children with disabilities ages 3 through 5, have an approved State plan under Part B of the Individuals with Disabilities Education Act (IDEA), and an approved application. A State that does not serve all 3-through-5-year-olds with disabilities cannot receive funds under this program, cannot receive funds for 3-through-5-year-olds served under the Grants to States program, and is not eligible for grants under various IDEA discretionary programs for activities pertaining solely to 3-through-5-year-olds.

These funds are provided in addition to funds provided under the Grants to States program in order to give an incentive to States to serve all children in the 3 through 5 age range and to ensure that a minimum level of funding is targeted toward serving children in this age range. The statute limits the Preschool Grants share for each child served to a maximum of \$1,500. All States are currently serving all 3-through-5-year-olds with disabilities.

At their discretion, States may also serve children who are experiencing developmental delays, as defined by the State and as measured by appropriate diagnostic instruments and procedures. States, at their discretion, and local educational agencies, if consistent with State policy, may also use funds received under this program to provide a free appropriate public education (FAPE) to 2-year-olds with disabilities who will turn 3 during the school year. However, 2-year-olds who are served under the program cannot be counted for allocations.

States must distribute at least 75 percent of their Preschool Grant awards to local education agencies and intermediate educational units. They may retain up to 20 percent of their

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awards for the planning and development of a comprehensive delivery system for children from birth through 5 years, for direct and support services for 3-through-5-year-olds with disabilities, and, at their discretion, to provide FAPE to 2-year-olds with disabilities who will turn 3 during the school year. Up to 5 percent may be retained for administrative expenses related to the grant.

Funding levels for the past 5 fiscal years for Grants to States and Preschool Grants were as follows:

(\$ in 000s)

	Grants to States	Preschool Grants	Total
1991	\$1,854,186 ¹	\$292,766	\$2,146,952
1992	1,976,095 ¹	320,000	2,296,095
1993	2,052,728 ¹	325,773	2,378,501
1994	2,149,686 ¹	339,257	2,488,943
1995 Base	2,240,037	360,265	2,600,302
1995 Chapter 1 handicapped offset ..	82,878	0	82,878
1995 Total	2,322,915	360,265	2,683,180

¹Excludes funding for the Chapter 1 Handicapped program, which provided support for services to children currently served under the Grants to States and Grants for Infants and Families programs.

1996 BUDGET REQUEST

Over the last two decades, States have made tremendous strides in providing children with disabilities with access to an appropriate public education. Today, as a result of Federal legislation, individuals who would have been institutionalized in 1975 and denied educational services are now completing secondary school, living independently, and working in competitive employment. However, while the States have made great progress in serving children with disabilities, there remain tremendous challenges, particularly in achieving acceptable educational results. Too many students, without appropriate interventions or supplementary aids and services, are failing courses and dropping out of school. Enrollment in postsecondary education is low, and while employment rates are improving, they are still unsatisfactory. Moreover, children with disabilities from culturally and linguistically diverse backgrounds are often inappropriately identified and served. In some cases, children with disabilities are not identified and served. In other cases, particularly with African-American children, students are over-identified and placed in overly restrictive settings.

Legislative proposals

The Administration is considering several amendments to the IDEA to strengthen its focus on improving educational results for children with disabilities, and to eliminate disincentives to best practices and unnecessary burdens. The Administration's proposal is currently under development. While preliminary, we expect the proposal to include the following changes:

Distribution of funds -- Funds for grants to States for special education are currently distributed based on counts of the number of children receiving services. However, some States have undertaken reforms to appropriately address the needs of children earlier thus

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Grants for special education

avoiding the need to provide special education services. Because of their efforts to implement best practices related to early intervention and prereferral services, these States have identified fewer children as needing special education and related services and, as a result, have lost Federal support. Under the proposed legislation, any increase in funds above the appropriation for fiscal year 1995 would be distributed to the States on the basis of population rather than child counts to eliminate the disincentive to best practice in the current IDEA formula.

Eligibility -- IDEA requirements relating to determining who is eligible to be served under the Act have fostered a categorical approach to labeling and serving children. This categorization of children has led to placing children in particular classrooms or schools based on the disability category in which a child has been placed rather than an assessment of the child's educational needs as intended by the Act. To remedy this situation, the statute would be modified to give States the flexibility to use less categorical eligibility criteria and more instructionally relevant assessments of each child's educational needs, as long as their eligibility criteria do not exclude children who would be eligible under the current IDEA disability categories.

Individualized education programs -- Individualized education programs (IEPs) for children with disabilities are developed in meetings between school personnel and parents, and play a central role in the implementation of the IDEA. The proposed legislation would shift the focus of the IEP process from access to special education to how special education can support students with disabilities to participate in the general curriculum and assessments, and enable achievement to high State standards. The new provisions would require measurable objectives, increase accountability by requiring reviews of each child's performance in relation to the general curriculum and the objectives described in the IEP, tie decisions on the student's course of study to plans for transition, and increase parental involvement and information. The proposed amendments would modify requirements that have too often resulted in IEPs characterized by fragmented goals, low expectations, and instructional irrelevance.

State assessments -- Challenging standards and statewide assessments that are aligned to these standards are a central component of State and local school reform efforts. The proposed legislation would ensure accountability for children with disabilities by requiring their participation in general assessments and alternative assessments where appropriate.

Incidental benefits -- Serving children with disabilities appropriately in regular classrooms often requires that a special education teacher or aide be assigned to these classrooms. Currently, elaborate tracking is required for IDEA funds that are used for paying these personnel if they are working in classrooms that include children that do not have disabilities in order to ensure that no more than incidental benefits accrue to nondisabled students from these funds. The proposed legislation would allow school districts to use their IDEA funds to provide special education services in the regular classroom without having to track whether benefits might accrue to nondisabled students -- so long as children being served under the IDEA benefit from these services and continue to be appropriately served.

Evaluations -- Triennial evaluations are required to determine continuing eligibility for special education services. The proposed legislation would shift the focus of these evaluations from conducting a battery of tests to determine whether a student still has a disability, to a more functional evaluation process in which a multidisciplinary team uses current or new assessment information to evaluate the student's educational needs, including whether the

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student continues to need special education services. This change would eliminate unnecessary and costly testing, freeing up resources for efforts more directly related to improving teaching and learning.

Funding request

The Department is requesting a total of \$2.772 billion for Grants for Special Education to assist States in covering the excess costs associated with providing special education services to children with disabilities ages 3 through 21. Separate estimates are not provided for the Grants to States and Preschool Grants programs currently authorized under sections 611 and 619, respectively, of IDEA Part B, because the Department is considering amendments to Part B that would modify the formula under which these funds are distributed to the States. The details of how funds would be distributed have not been determined, but will be reflected in the Administration's legislative proposal.

The total request for Grants for Special Education is an increase of \$89.3 million, or 3.3 percent, over the combined 1995 funding for the current Grants to States and Preschool Grants programs. These additional funds are requested to help States meet the increased costs resulting from projected growth in the number of children to be served. The number of children with disabilities in the 3 through 21 age group is projected to increase by 3 percent or 167,000, from 5,455,000 to 5,622,000. The number of children in the 3 through 5 age group is projected to increase by 5 percent or 26,000, from 520,000 to 546,000. The 1996 request would maintain the overall Federal share of excess costs of serving children with disabilities at 8 percent, representing an important resource to State and local educational agencies in carrying out their Constitutionally-derived responsibilities to provide a free appropriate public education to children with disabilities.

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IMPACT DATA

	1994	1995	1996
Grants to States:			
Number served ages 3 through 21	5,101,142 ¹	5,455,000 ²	5,622,000 ²
Average Federal share per child	\$421	\$426 ²	--- ³
Average excess cost of educating a child with a disability	\$6,138 ²	\$6,297 ²	\$6,479 ²
Percentage of excess cost	7% ²	7% ²	--- ³
Preschool Grants:			
Number served ages 3 through 5	478,700 ⁴	520,000 ²	546,000 ²
Average Federal share per child	\$709	\$693 ²	--- ³
Overall percentage of excess cost provided under Grants for Special Education	8% ^{2.5}	8% ^{2.5}	8% ²

¹Does not include 184,748 children who were served under the Elementary and Secondary Education Act Chapter 1 Handicapped program, which was consolidated with Individuals with Disabilities Education Act programs in 1995.

²Estimate.

³To be determined. These estimates cannot be developed until the Department determines the details of how funds would be distributed under Part B.

⁴Does not include 16,850 children who were served under the Elementary and Secondary Education Act Chapter 1 Handicapped program, which was consolidated with Individuals with Disabilities Education Act programs in 1995.

⁵Calculated by dividing total funds provided for Grants to States and Preschool Grants by the average excess cost of serving children with disabilities.

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<u>Fiscal Year</u>	<u>Child Count</u> (000)	<u>Appropriation</u> (\$ in 000s)	<u>Federal</u> <u>Share Per Child</u>
<u>Grants to States</u>			
1977	3,485	\$251,770	\$72
1978	3,561	566,030	159
1979	3,700	804,000	217
1980	3,803	874,500	230
1981	3,941	874,500	222
1982	3,990	931,008	233
1983	4,053	1,017,900	251
1984	4,096	1,068,875	261
1985	4,124	1,135,145	275
1986	4,121	1,163,282	282
1987	4,167	1,338,000	321
1988	4,236	1,431,737	338
1989	4,337	1,475,449	340
1990	4,409	1,542,610	350
1991	4,557	1,854,186	407
1992	4,717	1,976,095	419
1993	4,858	2,052,728	423
1994	5,101	2,149,686	421
1995	5,455	2,322,915	426

Preschool grants

1977	197	\$12,500	\$64
1978	201	15,000	81
1979	215	17,500	81
1980	232	25,000	108
1981	237	25,000	105
1982	228	24,000	105
1983	242	25,000	103
1984	243	26,330	108
1985	260	29,000	112
1986	261	28,710	110
1987	266	180,000	677
1988	288	201,054	698
1989	323	247,000	765
1990	352	251,510	715
1991	367	292,766	798
1992	398	320,000	804
1993	441	325,773	739
1994	479	339,257	708
1995	520	360,265	693

SPECIAL EDUCATION

Grants for infants and families

(Proposed legislation)

1996 Authorization: To be determined ¹

Budget Authority:

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$315,632	\$315,632	0

¹ The GEPA extension applies through September 30, 1995; new authorizing legislation will be proposed**PURPOSE AND METHOD OF OPERATION**

This formula grant program assists States in developing and implementing statewide systems of coordinated, comprehensive, multi-disciplinary interagency programs to provide early intervention services to all children with disabilities, aged 0 through 2, and their families.

Under the program, States are responsible for ensuring that services are provided to all birth-through-two-year olds with disabilities, including Indian children and their families residing on reservations with Department of the Interior schools. Infants and toddlers with disabilities are defined as children who: (1) are experiencing developmental delays, as measured by appropriate diagnostic instruments and procedures, in one or more of the following areas: cognitive development, physical development, communication development, social or emotional development, or adaptive development; or (2) have a diagnosed physical or mental condition which has a high probability of resulting in developmental delay. Within statutory limits, "developmental delay" has the meaning given the term by each State. In addition, States have the discretion to provide services to infants and toddlers who are at risk of having substantial developmental delays if appropriate early intervention services are not provided.

Funds allocated under the program can be used: (1) to develop and implement the statewide system described above; (2) to fund direct services that are not otherwise provided by other public or private sources; (3) to expand and improve on services that are otherwise available; and (4) to provide a free appropriate public education, in accordance with Part B of the Individuals with Disabilities Education Act (IDEA), to children with disabilities from their third birthday to the beginning of the following school year. To be eligible for a grant, a State must have a statewide system that includes 14 statutory components, a lead agency designated with the responsibility for the coordination and administration of funds, and a State Interagency Coordinating Council to advise and assist the lead agency.

Allocations are based on the number of children in the general population aged birth through 2 years. No State can receive less than 0.5 percent of the funds available to all

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Grants for infants and families

States or \$500,000, whichever is greater. The Outlying Areas may receive up to 1 percent of the funds appropriated. The Secretary of the Interior (Interior) receives 1.25 percent of the amount available to States. Interior must pass through all the funds it receives to Indian tribes, tribal organizations, or consortia for the coordination of assistance in the provision of early intervention services by the States on reservations with Interior schools. Tribes and tribal organizations can use the funds they receive to provide: (1) help to States in identifying Indian infants and toddlers with disabilities, (2) parent training, and (3) early intervention services.

The Improving America's Schools Act of 1994 (IASA) reauthorized the Elementary and Secondary Education Act. As part of this Act, the IASA terminated the Chapter 1 Handicapped program. All children with disabilities are now to be served under the programs authorized by the Individuals with Disabilities Education Act (IDEA). To ensure that States that received funds under the Chapter 1 Handicapped program in 1994 are not adversely affected by the merger of the Chapter 1 Handicapped program with the IDEA, IASA included hold-harmless provisions. For fiscal years 1995 through 1997, the statute guarantees that States will receive no less under the Grants for Infants and Families program than they had received, in total, under that program and the Chapter 1 Handicapped program in 1994. In addition, IASA provides that \$34 million of the funds appropriated for fiscal year 1995 for the Grants for Infants and Families program shall be distributed based on the number of infants and toddlers with disabilities who (1) are counted on December 1, 1994 and (2) would have been eligible to be counted under the Chapter 1 Handicapped program, as in effect prior to the enactment of the IASA. The remaining funds would be distributed based on general population in accordance with the formula authorized under Part H.

Funds for this program are provided on a forward-funded basis. The 1995 appropriation will become available on July 1, 1995, and remain available for obligation until September 30, 1996. States would use fiscal year 1995 funds primarily during the 1995-96 school year.

Funding levels for the past 5 fiscal years were as follows:

	(\$ in 000s)
1991	\$117,106 ¹
1992	175,000 ¹
1993	213,280 ¹
1994	253,152 ¹
1995 Base	281,632
1995 Chapter 1 Handicapped offset	34,000
1995 Total	315,632

¹ Excludes funding for the Chapter 1 Handicapped program, which provided support for services to children currently served under the Grants to States and Grants for Infants and Families programs.

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Grants for infants and families

1996 BUDGET REQUEST

The Department's 1996 request of \$315.632 million for the Grants for Infants and Families program maintains funding at the 1995 appropriation level.

The Department continues to place a high priority on the Grants for Infants and Families program. Authorizing legislation for this program expires at the end of fiscal year 1995; new authorizing legislation will be proposed. As the only Federal program focused exclusively on children with disabilities aged birth through two, the Part H program plays a major role in improving the school readiness of young children who are likely to experience poor outcomes because of disability. These efforts directly support the National Education Goal of ensuring that every child enters school ready to learn. Part H systems help States address the needs of infants and toddlers with disabilities and their families as soon as possible after these needs are identified by coordinating early intervention services from the earliest possible age and providing supplementary services, where necessary.

The years from birth through two are a critical period in a child's development, yet it is a time when they generally are not receiving formal services. Failure to provide appropriate early intervention can lead to developmental lags, atrophy of the sensory systems, and eventual developmental regression. The Department believes that, by eliminating or reducing complications that could arise if services are not provided, students will have better outcomes and require less intensive or no special services when they are ready to enter school. For example, the Infant Health and Development Program, a national multi-site study, found that low-birth weight, premature infants who received comprehensive early intervention and preschool services scored significantly higher on tests of mental ability, and experienced lower mental disability rates, compared to children who received only health services (Ramey, et al., 1992). The Early Intervention Collaborative Study also found developmental gains after one year of intervention in children with identified disabilities or who were at risk for developmental disabilities (Shonkoff, et al., 1990). Utah State University conducted a number of longitudinal studies of the effects and costs of early intervention with children with disabilities. These studies indicate that more positive differences are being found with children as they progress through elementary school.

The Department believes it is critical for the Federal Government to reaffirm its commitment to the States, which have been making a huge commitment to change without assurances of continued funding. This program is still relatively new and many States did not reach the full implementation stage until the end of fiscal year 1994. The Department believes it is crucial to continue to support the States and the children and families served by the Grants for Infants and Families program by maintaining funding for the program. The States served 143,392 infants and toddlers in 1993 and 150,783 in 1994, an increase of 5.2 percent. The Department expects these numbers to continue to increase with full implementation. Other factors related to growth in the number of infants and toddlers needing early intervention include the increase in the survival rate of low birth weight infants, number of multiply-disabled infants, and number of children born with drug addiction, fetal alcohol syndrome, and HIV.

Continued support is also necessary to help States maintain and improve their early intervention systems through better coordination at the local level, provision of technical

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assistance and in-service training, and monitoring by lead agencies to ensure that all agencies are complying with the requirements of Part H. Monitoring is expected to be particularly difficult during the first few years of full implementation when problems with the system are most likely to be identified. Beyond coordination and monitoring, States are responsible for: (1) expansion of the child-find program, as States continue to refine their efforts in order to ensure that all infants and toddlers who may be disabled are identified; (2) increased outreach to traditionally underserved groups and rural populations, including the preparation of materials in accessible formats and languages other than English; (3) assessing increasing numbers of children as more infants and toddlers are referred to the statewide system and public awareness about the program grows; (4) meeting an increased need for service coordinators as more children are served (case managers and the costs of service coordination are not necessarily provided or paid for by other agencies); and (5) increased administrative costs, such as the costs of transition services for children who are moving from Part H to preschool programs.

IMPACT DATA

	1994	1995 ¹	1996 ²
<u>State awards:</u>			
Minimum State award ³	\$1,237,632	\$1,372,651	\$ —
Average State award ³	\$4,760,123	\$5,925,427	\$ —
Maximum State award ³	\$34,996,612	\$39,359,243	\$ —

¹ The 1995 allocation will be based on the number of children served as of December 1, 1994. These figures are not yet available. The amounts in this table are preliminary estimates based on child count figures submitted for December 1, 1993 and will change once the 1994 child count is received and confirmed.

² To be determined. New authorizing legislation will be proposed.

³ The calculations for minimum, average, and maximum awards do not include the Outlying Areas or BIA.

SPECIAL EDUCATION

Program Support and Improvement

(Proposed legislation)

1996 Authorization: To be determined ¹

Budget Authority (\$ in 000s):

	<u>1995</u>	<u>1996</u>	<u>Change</u>
Research and demonstrations	0	\$63,000	+\$63,000
Technical assistance and systems change	0	50,000	+50,000
Professional development	0	97,000	+97,000
Parent training	0	14,534	+14,534
Technology development and support	<u>0</u>	<u>29,500</u>	<u>+29,500</u>
Total	0 ²	254,034	+254,034

¹ The GEPA extension expires September 30, 1995. New authorizing legislation will be proposed.² Funding totalling \$254.034 million for programs funded under expiring legislation is shown in the Special Purpose Funds activity.**PURPOSE AND METHOD OF OPERATION**

The purpose of the Program Support and Improvement programs is to support the States in their efforts to provide equal educational opportunity to children with disabilities. Funds would be directed toward activities that promote program improvement and are of national significance, including a number of activities like research that are most efficiently and appropriately conducted at the Federal level.

While new legislation is still under development and the program structure is subject to change based on the final legislative proposal, 5 new Program Support and Improvement programs are currently anticipated. The 5 new programs would result from the consolidation of 14 Special Purpose Funds programs. These 14 programs evolved over the last thirty years to address special needs in particular areas, and include support for a wide range of research, demonstration, outreach, technical assistance, dissemination, training, and other activities. The consolidated authorities would provide a streamlined and coherent structure for carrying out these kinds of activities, and focusing them on systematically helping States improve educational results for children with disabilities.

The new programs would work together to establish new knowledge and move it into practice; support innovations that would address longstanding systemic obstacles to improving services for children with disabilities; and ensure that administrators, teachers, and parents have the knowledge they need to improve educational results for children with disabilities.

Priorities under the new structure would be placed on helping to ensure that children with disabilities benefit from State and local school reform efforts; promoting high expectations for students with disabilities and access to the general curriculum; and more effectively addressing individual students' needs in the least restrictive appropriate environments.

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In order to ensure that adequate attention is focused on children with deaf-blindness, serious emotional disturbance, and severe disabilities, and postsecondary education for deaf students, the proposed legislation would require that funding in each of these areas across the five new authorities be maintained at least at its 1995 level.

The proposed legislation would authorize the use of Program Support and Improvement funds for the continuation costs of projects awarded under the expiring Special Purpose Funds authorities.

1996 BUDGET REQUEST

For Program Support and Improvement, \$254 million is requested. This is the same amount as appropriated for 1995 for the 14 expiring Special Purpose Funds programs. Of this amount, up to \$190.4 million would be used for continuation of projects that received their initial funding in prior years under the expiring authorities. About \$63.6 million is expected to be available for new awards. The distribution of funds among the five new programs is preliminary and subject to change based on the final legislative proposal for authorizing these programs.

Each of the 5 Program Support and Improvement programs is described below:

Research and Demonstrations

The authority for this program would support research, demonstration, and outreach activities for all types of disabilities across three broad age ranges -- early childhood; elementary and middle school; and high school, transition, and postsecondary. Priorities would be based on broad-based planning that includes policy-makers, administrators, teachers, parents, individuals with disabilities, and researchers in developing a comprehensive, long-range agenda to improve knowledge and to create better linkages between knowledge and practice. The authority would support large scale evaluations and assessments that would significantly increase our knowledge and improve the implementation of IDEA. Activities would be informed by the field and applied systematically. Research activities would address the need for new knowledge in serving children with disabilities. Demonstration activities would show how research and other knowledge can be applied to improve practice. Outreach activities would make practices that have been proven to be effective available for adaptation or replication from model sites. All of these activities would be tightly linked to technical assistance and dissemination activities in order to improve the translation of research into practice around the Nation. Research, demonstration, and outreach efforts would be coordinated with comparable Federal and non-Federal efforts in order to reduce fragmentation and focus on cross-cutting issues such as transition and coordination of services. Developing a research, demonstration, and outreach agenda that addresses the needs of all types of disabilities and in all age ranges as part of a unified planning process would reduce overlap, gaps, and fragmentation, and facilitate the use of research in improving results for children with disabilities. It would also ensure that cutting edge areas such as evaluation and assessments that are critical to improving educational results would receive appropriate attention and support.

The products of these research, demonstration, and outreach activities would be made available through the Technical Assistance and Systems Change, Professional Development,

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and Parent Training programs. The Technical Assistance and Systems Change program would assess the usefulness of products; ensure that they are in appropriate formats for distribution to administrators, teachers, and parents; and make them available through clearinghouses, libraries, electronic networks, and other information sources. Under the Professional Development program, research findings and products would be used to develop model training programs. Projects funded under the Parent Training program would have access to research findings and products through dissemination activities. The recipients of awards under the Research and Demonstration program would also be expected to be available as technical assistance providers whose services could be purchased using Systems Change funds under the Technical Assistance and Systems Change program or other resources.

Activities under the Research and Demonstrations program would be closely coordinated with those in the Office of Educational Research and Improvement (OERI), including the new National Research Institutes. Joint funding of projects with OERI would be increased.

Activities to collect information on and evaluate the implementation and effectiveness of the IDEA would also be supported under the Research and Demonstrations activity. The results of these activities would be incorporated into the annual report to Congress.

The Research and Demonstrations program would include support for continuation projects formerly funded under the Deaf-Blindness, Serious Emotional Disturbance, Severe Disabilities, Early Childhood Education, Secondary and Transitional Services, Postsecondary Education, Innovation and Development, and Special Studies programs.

Of the \$63 million requested for the Research and Demonstrations program for 1996, approximately \$41.5 million would be used for continuations of projects awarded under the expiring Special Purpose Funds programs. The remaining \$21.5 million would be used to support new projects. Examples of new projects include:

- o A longitudinal study of a sample of elementary school students with disabilities that documents the nature and extent of the services they receive, their academic achievement, and how services affect results for these students. The Department has just completed a longitudinal study of secondary school students with disabilities that describes the experiences of these students in high school and identifies their post-school experiences in the areas of employment and self sufficiency. In 1995 the Department will initiate studies of infants and toddlers with disabilities to obtain both descriptive and impact data for these populations. The proposed study of elementary school students would be the last of three studies covering the full range of childhood educational experiences for children with disabilities.
- o School-based research projects that identify and explain effective classroom practices for educating students with disabilities in the context of educational reform efforts with particular emphasis on the National Education Goals that focus on improving academic achievement in core curricular areas. These studies will be designed to provide information about effective interventions to ensure that students with disabilities also achieve the world-class results that are envisioned by the National Education Goals.
- o Projects to resolve technical issues and develop methods for including students with disabilities in general education accountability and assessment systems. Across the country States and school districts are developing assessments for holding schools and

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students accountable for achieving to much higher levels. Students with disabilities are often excluded from these assessments, usually because accommodations are not available. Research is needed to develop accommodations, test their feasibility, and ensure that the results of the assessments are technically defensible.

- o A center to develop and evaluate effective and efficient interagency models for serving students with serious emotional disturbance. Over the years, researchers have developed effective interventions for serving students with serious emotional disturbance through multiagency collaborative service delivery systems. However, many school districts are struggling with this population of students, which often results in expensive out-of-district placements or in some cases ineffective services.
- o An institute to develop, or identify and validate, appropriate strategies for serving culturally and linguistically diverse infants, toddlers, and preschoolers and their families. The institute would produce materials for child find activities, instruction, and personnel training.
- o An institute to develop, or identify and validate, instructional and early intervention strategies for infants, toddlers, and preschoolers with disabilities that can be used at home. These strategies would be consistent with the educational programs of children with disabilities and the service plans for infants, toddlers, and their families. Strategies would target the cognitive, communication, physical, social, and emotional development of children.

Technical Assistance and Systems Change

The Technical Assistance and Systems Change program would support technical assistance, dissemination, and systems change activities.

A key component of this program would be Systems Change grants to States to support efforts to address systemic problems in improving results for children with disabilities. These grants would be based on State improvement plans that address comprehensively professional development, restructuring special education in schools, changing delivery systems, corrective action plans, and other related issues. States would be able to use the funds to hire experts, purchase technical assistance (from other projects funded under the IDEA or other sources), provide specialized training, hold forums for problem solving, conduct studies to identify needed changes, conduct State program evaluations, and engage other States in cooperative efforts to improve services. Systems Change grants would be a primary strategy to help States improve results for students with disabilities. These grants would link with education reform initiatives by providing financial support that is consistent with the purposes of IDEA, but that gives States flexibility to focus on their unique implementation issues.

To assist States in developing their State improvement plans, awards would be made to regional technical assistance centers. These centers would also provide assistance to States with regard to including children with disabilities in plans under the Elementary and Secondary Education Act, the Goals 2000: Educate America Act, and the School-to-Work Opportunities Act. As part of these functions the centers would help States identify and access technical assistance and information, including information on research and best practices.

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A combination of market-driven and federally-funded assistance would be used with regard to technical assistance. States would be able to purchase technical assistance they believe is necessary using funds provided through Systems Change grants and from other resources. However, more proactive technical assistance efforts are needed in some areas to promote change or where there is an exceptional need. The request includes support to augment funding for the 15 comprehensive technical assistance centers authorized under Title XIII, Part A, of the Elementary and Secondary Education Act. These funds would promote effective attention to disability issues by these centers, which would be assisting States in implementing that Act. Other areas in which continued technical assistance support would be provided in 1996 include early childhood education, deaf-blindness, and secondary and transitional services.

The program would support activities that help apply research and other knowledge to improve results for children with disabilities. These would include activities to identify useful research and other products; ensure that these products are in appropriate formats for distribution to administrators, teachers, and parents; and make them available through clearinghouses, libraries, electronic networks, and other information sources.

Clearinghouse activities would also be supported under this activity. However, a major emphasis would be placed on integrating information on special education and early intervention into clearinghouses, libraries, electronic networks and other information and communication resources that are available to address the needs of all children, not just children with disabilities. These include the National Library of Education, the Eisenhower National Clearinghouse for Mathematics and Science Education, INet, the clearinghouses of the Education Resources Information Center (ERIC), OERI's 10 regional educational laboratories, public libraries, State information networks, and other information resources.

The Technical Assistance and Systems Change program would provide support for continuation projects formerly funded under the Deaf-Blindness, Severe Disabilities, Early Childhood Education, Secondary and Transitional Services, Innovation and Development, Special Studies, Clearinghouses, and Regional Resource Centers programs.

Of the \$50 million requested for Technical Assistance and Systems Change for 1996, approximately \$36.9 million would be used for continuations of projects awarded under the expiring Special Purpose Funds programs. Most of the \$13.1 million available for new awards would be used to support Systems Change grants to States. Funding for these grants would be increased in future years as continuation projects complete their funding cycles.

Professional Development

The Professional Development program would support training to address personnel needs identified in State plans; personnel to serve low incidence populations; training of researchers, teacher trainers, administrators, and other leadership personnel; and national activities to improve personnel development and address personnel needs. In carrying out all of these activities, the program would emphasize the use of validated research findings to improve instruction.

A major component of the program would be grants to States to address the professional development needs that they have identified for personnel serving children with disabilities. In the past, IDEA has held States responsible for ensuring that there is an adequate supply of

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appropriately trained personnel, but has provided few resources specifically for that purpose. Under proposed legislation, it is expected that States would use their grants for professional development primarily to provide inservice training for regular and special education teachers, paraprofessionals, early intervention personnel, and related services personnel who work with children with higher incidence disabilities. The need for training is particularly critical because regular education personnel have often not been trained to address the needs of children with disabilities even though most children with disabilities spend all or most of their time in regular education classrooms. In addition, special education personnel have often not had training on how to work with regular education teachers who have children with disabilities in their classrooms. Except in exceptional circumstances, market forces should ensure an adequate supply of personnel to serve children with high-incidence disabilities.

Current awards to institutions of higher education for training personnel to serve high-incidence populations would be continued in 1996. However, as these projects reach the end of their funding cycles, funds would be added to grants to States for professional development and projects of national significance.

Children with low-incidence disabilities make up less than 1 percent of the general population but they have very specialized service needs, and there is a persistent demand for personnel to address these needs. However, because of the small number of people needed to serve these children, it is usually impractical for individual States to support their own training programs for personnel in these areas. In order to ensure that appropriately trained personnel are available, regional awards would be made to institutions of higher education and other qualified entities to train personnel for serving children with low-incidence disabilities, including children with disabilities such as deafness, blindness, and deaf-blindness. The recipients of these awards are also expected to be available as technical assistance providers whose services could be purchased using Systems Change funds under the Technical Assistance and Systems Change program or other resources.

Funds would also be used for leadership personnel, including teacher trainers, administrators, and researchers. In order to improve results for students with disabilities, these activities would focus on ensuring that Ph.D. level leadership personnel in both regular and special education have the skills and training to help ensure that students with disabilities achieve to high standards.

National activities would be supported to develop exemplary personnel training curricula that incorporate the latest research information; assist States in developing cross categorical approaches to training, licensure, and certification; and promote portability of certification from State to State.

In addition to continuation projects funded under the current Personnel Development program, the Professional Development program would include funding for inservice training continuation projects formerly funded under the Deaf-Blindness, Severe Disabilities, and Early Childhood Education programs.

Of the \$97 million requested for the Professional Development program for 1996, approximately \$82.9 million would be used for continuation projects. About \$14.1 million would be available for new projects. It is expected that total funding for training personnel to serve children with low-incidence disabilities would remain at about \$18 million, with \$2 million coming from new awards; funding for leadership personnel would remain at about \$10 million, with \$2 million coming from new awards; and funding for national activities would remain at

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about \$13 million, with \$4 million coming from new awards. About \$6 million of the funds available for new awards would be available, in addition to \$9 million estimated for continuation grants, for grants to States for professional development. Continuation funding of approximately \$41 million would be provided to institutions of higher education for training personnel to serve high-incidence populations.

Parent Training

The Individuals with Disabilities Education Act includes parents as principal players in the education of their children. For children receiving educational services, parents participate with administrators and teachers in the development of their child's individualized education program (IEP). For infants and toddlers receiving early intervention services, parents participate with a multidisciplinary team in the development of individualized family service plans.

The new Parent training program would continue to support centers to provide training and information to parents of children with disabilities and persons who work with parents, to enable them to participate more effectively with professionals in meeting the educational needs of children with disabilities. Each project would continue to be designed to meet the unique training and information needs of parents living in the area it serves. Awards would also continue to be made to organizations that are governed mostly by parents, or that have special committees consisting mostly of parents that govern the operation of the centers.

Under the new program, grants would be awarded to centers providing parent training and information in all States. These centers would act both as resources for parents and families as well as referral points for parents to other resources.

Dissemination activities under the Technical Assistance and Systems Change program would be coordinated to ensure that parents participating in parent training projects as well as other parents have access to validated information that is designed to address their needs.

The request for the new Parent Training program would include continuation support for projects awarded under the expiring Parent Training program.

Of the \$14.5 million requested for this program, approximately \$11.1 million would be used for support of continuation projects in 1996. About \$3.4 million would be available for new projects.

Technology Development and Support

The new Technology Development and Support program would consist of activities formerly supported under the Media and Captioning Services and Technology Applications programs.

These programs have supported technology activities that have been instrumental in enabling persons with disabilities to access educational and theatrical films, television programs, recordings for the blind, and cultural experiences, and in improving educational results through a variety of technology applications. These activities have included the development of the Kurzweil Reading machine for persons with visual impairments, the development and distribution of described video services for persons with visual impairments, the development

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of educational software for computer-assisted instruction for children with a variety of disabilities, and educational applications of new technology including interactive video and telecommunications. In addition, open and closed captioning technology which enables millions of deaf and hard-of-hearing persons to access television and films was developed under these programs. These activities would be continued under the new Technology Development and Support program.

Media and captioning services designed to promote the general welfare of deaf and hard of hearing individuals would be continued in the form of support for captioning and distributing educational and theatrical films, captioning television programs, and providing cultural experiences related to deafness. Activities to promote the general welfare of visually impaired persons would continue in the form of support for described video and distribution of recorded textbooks.

Technology application activities would support the application of new and emerging technologies to enable learners with disabilities to access education. Technology related to both assistive devices as well as instruction would be included. Activities would include a variety of research, dissemination, and technical assistance projects related to the development, production, and marketing of technology for use in serving children with disabilities. The program would continue to focus on enhancing other public and private research and development activities, and on providing linkages to improve the flow from research and development to application.

Of the \$29.5 million requested for the Technology Development and Support program, approximately \$18 million would be used for support of continuation projects in 1996. About \$7 million of the \$11.5 million available for new activities would be used to support activities to close caption television programs. About \$3.2 million would be available for new projects to support the application of new and emerging technologies to enable learners with disabilities to access education. Most of the remaining new funds available would be used for activities related to described video and cultural activities for hearing impaired individuals.

IMPACT DATA (\$ in 000s)

Impact data displayed for each of the 5 proposed Program Support and Improvement programs reflect the following:

For 1996: Estimated total funding and number of awards under proposed legislation and for continuations of currently funded projects.

For 1995 and 1994: Comparable amounts of funding and number of awards for related activities funded under the expiring antecedent programs.

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	1994	1995	1996
<u>Research and Demonstrations:</u>			
Program funding: (\$ 000s)			
New	0	0	\$21,234
Peer review of new award applications	0	0	309
Expiring programs:			
Deaf-blindness:			
New	\$615	0	0
Continuation	734	\$1,266	557
Subtotal	1,349	1,266	557
Serious emotional disturbance:			
New	359	1,792	0
Continuation	2,564	1,496	2,332
Subtotal	2,923	3,288	2,332
Severe disabilities:			
New	1,061	906	0
Continuation	1,970	2,728	2,829
Subtotal	3,031	3,634	2,829
Early childhood education:			
New	4,267	4,469	0
Continuation	12,455	12,980	11,700
Subtotal	16,722	17,449	11,700
Secondary and transitional services:			
New	1,938	1,260	0
Continuation	5,143	4,528	3,782
Subtotal	7,081	5,788	3,782
Postsecondary education:			
New	1,514	1,644	0
Continuation	7,267	7,150	3,207
Subtotal	8,781	8,794	3,207
Innovation and development:			
New	5,924	5,985	0
Continuation	13,984	13,882	13,812
Subtotal	19,908	19,867	13,812
Special studies:			
New	194	1,291	0
Continuation	2,039	1,494	3,238
Subtotal	2,233	2,785	3,238
Peer review of new award applications	403	379	0
Total:			
New	15,872	17,347	\$21,234
Continuation	46,156	45,524	41,457
Peer review of new award applications	403	379	309
Total	62,431	63,250	63,000

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Program support and improvement

	1994	1995	1996
Research and Demonstrations:			
Number of projects:			
New	0	0	143
Expiring programs:			
Deaf-blindness:			
New	3	0	0
Continuation	7	8	3
Subtotal	10	8	3
Serious emotional disturbance:			
New	2	10	0
Continuation	19	11	14
Subtotal	21	21	14
Severe disabilities:			
New	3	6	0
Continuation	10	10	10
Subtotal	13	16	10
Early childhood education:			
New	24	25	0
Continuation	69	72	65
Subtotal	93	97	65
Secondary and transitional services:			
New	15	12	0
Continuation	35	41	26
Subtotal	50	53	26
Postsecondary education:			
New	14	16	0
Continuation	38	34	31
Subtotal	52	50	31
Innovation and development:			
New	54	52	0
Continuation	103	91	89
Subtotal	157	143	89
Special studies:			
New	1	4	0
Continuation	4	3	7
Subtotal	5	7	7
Total:			
New	116	125	143
Continuation	285	270	245
Total	401	395	388

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Program support and improvement

	1994	1995	1996
<u>Technical Assistance and Systems Change:</u>			
Program funding: (\$ 000s)			
New	0	0	\$13,027
Peer review of new award applications	0	0	80
Expiring programs:			
Deaf-blindness:			
New	0	\$10,245	0
Continuation	\$11,470	1,285	9,605
Subtotal	11,470	11,530	9,605
Severe disabilities:			
New	760	1,600	0
Continuation	3,682	3,421	5,135
Subtotal	4,442	5,021	5,135
Early childhood education:			
New	0	313	0
Continuation	4,882	3,500	0
Subtotal	4,882	3,813	0
Secondary and transitional services:			
New	0	3,354	0
Continuation	14,828	14,763	11,873
Subtotal	14,828	18,117	11,873
Innovation and development:			
Continuation	565	596	600
Special studies:			
New	593	211	0
Continuation	1,019	1,148	300
Subtotal	1,612	1,359	300
Clearinghouses:			
Continuation	2,162	2,162	2,162
Regional resource centers:			
Continuation	7,218	7,218	7,218
Peer review of new award applications	22	86	0
Total:			
New	1,353	15,723	13,027
Continuation	45,826	34,093	36,893
Peer review of new awards applications	22	86	80
Total	47,201	49,902	50,000

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Program support and improvement

	1994	1995	1996
<u>Technical Assistance and Systems Change:</u>			
Number of projects:			
New	0	0	55
Expiring programs:			
Deaf-blindness:			
New	0	50	0
Continuation	52	2	50
Subtotal	52	52	50
Severe disabilities:			
New	3	6	0
Continuation	14	13	16
Subtotal	17	19	16
Early childhood education:			
Continuation	1	1	0
Secondary and transitional services:			
New	0	6	0
Continuation	31	31	20
Subtotal	31	37	20
Innovation and development:			
Continuation	1	1	1
Special studies:			
New	8	4	0
Continuation	6	6	3
Subtotal	14	10	3
Clearinghouses:			
Continuation	3	3	3
Regional resource centers:			
Continuation	7	7	7
Total:			
New	11	66	55
Continuation	115	64	100
Total	126	130	155

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Program support and improvement

	1994	1995	1996
<u>Professional Development</u>			
Program funding: (\$ 000s)			
New	0	0	\$13,755
Peer review of new award applications	0	0	299
Expiring programs:			
Serious emotional disturbance:			
Continuation	\$1,208	\$835	0
Severe disabilities:			
New	670	0	0
Continuation	1,137	1,343	721
Subtotal	1,807	1,343	721
Early childhood education:			
New	1,041	1,300	0
Continuation	2,427	2,500	2,600
Subtotal	3,468	3,800	2,600
Personnel development:			
Grants to institutions of higher education:			
New	16,714	13,115	0
Continuation	50,820	57,550	61,925
Subtotal	67,534	70,665	61,925
Personnel development partnerships:			
New	300	0	0
Continuation	1,589	1,601	1,750
Subtotal	1,889	1,601	1,750
Special projects:			
New	1,400	1,500	0
Continuation	9,636	6,850	7,000
Subtotal	11,036	8,350	7,000
Grants to State educational agencies:			
New	8,755	0	0
Continuation	295	8,950	8,950
Subtotal	9,050	8,950	8,950
Other (minority outreach):			
New	0	1,400	0
Continuation	1,400	0	0
Subtotal	1,400	1,400	0
Peer review of new award applications	466	399	0
Total:			
New	28,880	17,315	13,755
Continuation	68,512	79,629	82,946
Peer review of new award applications	466	399	299
Total	97,858	97,343	97,000

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	1994	1995	1996
<u>Professional Development:</u>			
Number of projects:			
New	0	0	80
Expiring programs:			
Serious emotional disturbance:			
Continuation	10	5	0
Severe disabilities:			
New	4	0	0
Continuation	4	8	4
Subtotal	8	8	4
Early childhood education:			
New	8	10	0
Continuation	13	17	18
Subtotal	21	27	18
Personnel development:			
Grants to institutions of higher education:			
New	162	130	0
Continuation	519	581	623
Subtotal	681	711	623
Personnel development partnerships:			
New	1	0	0
Continuation	5	6	6
Subtotal	6	6	6
Special projects:			
New	15	15	0
Continuation	96	70	70
Subtotal	111	85	70
Grants to State educational agencies:			
New	57	0	0
Continuation	1	58	58
Subtotal	58	58	58
Total:			
New	247	155	80
Continuation	648	745	779
Total	895	900	859

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Program support and improvement

	1994	1995	1996
<u>Parent Training:</u>			
Program funding: (\$ 000s)			
New	0	0	\$3,369
Peer review of new award applications	0	0	15
Expiring programs:			
Parent training:			
New	\$3,878	\$3,015	0
Continuation	<u>8,845</u>	<u>10,500</u>	<u>11,150</u>
Subtotal	12,723	13,515	11,150
Peer review of new award applications	12	20	0
Total:			
New	3,878	3,015	3,369
Continuation	<u>8,845</u>	<u>10,500</u>	<u>11,150</u>
Peer review of new award applications	<u>12</u>	<u>20</u>	<u>15</u>
Total	12,735	13,535	14,534
<u>Number of projects:</u>			
New	0	0	14
Expiring program:			
Parent training:			
New	22	22	0
Continuation	<u>48</u>	<u>51</u>	<u>60</u>
Subtotal	70	73	60
Total:			
New	22	22	14
Continuation	<u>48</u>	<u>51</u>	<u>60</u>
Total	70	73	74

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Program support and improvement

	1994	1995	1996
Technology Development and Support:			
Program funding: (\$ 000s)			
New	0	0	\$11,464
Peer review of new award applications	0	0	77
Expiring programs:			
Media and captioning services:			
Captioning television and films, film distribution, and research:			
New	\$3,418	\$4,062	0
Continuation	8,196	8,010	4,365
Subtotal	11,614	12,072	4,365
Cultural experiences for hearing impaired:			
New	700	400	0
Continuation	900	1,150	1,100
Subtotal	1,600	1,550	1,100
Described video for television and films, and research:			
New	1,000	500	0
Continuation	500	1,000	1,250
Subtotal	1,500	1,500	1,250
Recording for the blind:			
New	0	3,600	0
Continuation	3,500	0	3,600
Subtotal	3,500	3,600	3,600
Other research:			
New	400	400	0
Technology applications:			
New	3,571	2,650	0
Continuation	7,193	8,167	7,644
Subtotal	10,764	10,817	7,644
Peer review of new award applications	126	65	0
Total:			
New	9,089	11,612	11,464
Continuation	20,289	18,327	17,959
Peer review of new award applications	126	65	77
Total	29,504	30,004	29,500

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Program support and improvement

	1994	1995	1996
<u>Technology Development and Support:</u>			
Number of projects:			
New	0	0	75
Expiring programs:			
Media and captioning services:			
Captioning television and films,			
film distribution, and research:			
New	63	58	0
Continuation	17	20	10
Subtotal	80	78	10
Cultural experiences for			
hearing impaired:			
New	1	4	0
Continuation	8	5	5
Subtotal	9	9	5
Described video for television and			
films, and research:			
New	4	1	0
Continuation	2	4	4
Subtotal	6	5	4
Recording for the blind:			
New	0	1	0
Continuation	1	0	1
Subtotal	1	1	1
Technology applications:			
New	17	9	0
Continuation	43	37	30
Subtotal	60	46	30
Total:			
New	85	73	75
Continuation	71	66	50
Total	156	139	125

SPECIAL EDUCATION

Special purpose funds

(Individuals with Disabilities Education Act, Section 618 and Part C through G)

1996 Authorization: 0¹

Budget Authority (\$ in 000s):

	<u>1995</u>	<u>1996</u>	<u>Change</u>
Deaf-blindness	\$12,832	0	-\$12,832
Serious emotional disturbance	4,147	0	-4,147
Severe disabilities	10,030	0	-10,030
Early childhood education	25,167	0	-25,167
Secondary and transitional services	23,966	0	-23,966
Postsecondary education	8,839	0	-8,839
Innovation and development	20,635	0	-20,635
Media and captioning services	19,142	0	-19,142
Technology applications	10,862	0	-10,862
Special studies	4,160	0	-4,160
Personnel development	91,339	0	-91,339
Parent training	13,535	0	-13,535
Clearinghouses	2,162	0	-2,162
Regional resource centers	<u>7,218</u>	<u>0</u>	<u>-7,218</u>
Total	254,034	0	-254,034

¹ The GEPA extension applies for these programs through September 30, 1995.

PURPOSE AND METHOD OF OPERATION

The Special Purpose Funds programs support a wide range of research, demonstration, outreach, professional development, technical assistance, clearinghouse, and other activities primarily related to providing special education and early intervention services to children with disabilities.

These programs evolved over the last 30 years to address a variety of special needs as they arose. Each program is self contained and free standing with its own separate planning process, special funding requirements, and limitations. Because of this, there is considerable variation across and within programs in authorized activities, terminology, target populations, eligible applicants, and funding requirements. Some of the Special Purpose Funds programs are directed at particular disability groups (Deaf-Blindness, Serious Emotional Disturbance, and Severe Disabilities), other programs focus on particular age ranges (Early Childhood Education, Secondary and Transitional Services, and Postsecondary Education), others on types of activities (Innovation and Development, Special Studies, Professional Development, Parent Training, Clearinghouses, and Regional Resource Centers). Still other programs have particular topical focuses (Technology Applications and Media and Captioning Services).

Deaf-blindness This program was started in 1968 to provide direct services to children with deaf-blindness born during the rubella epidemic of 1963-1965. As States assumed responsibility for serving all children with disabilities, program activities shifted from providing

SPECIAL EDUCATION

Special purpose funds

direct services to providing technical assistance. Fiscal year 1995 technical assistance funding for the 8,000 children who are deaf-blind totals over \$10 million. Research, demonstration, and training activities have been supported sporadically. The program also supports a clearinghouse on deaf-blindness.

Serious emotional disturbance This program was started in 1991 to focus attention on addressing the needs of children with serious emotional disturbance. While a broad range of activities are authorized, the program has focused on research and demonstration activities. Some personnel development activities have also been supported.

Severe disabilities The purpose of the Severe Disabilities program is to improve early intervention, special education, and related services for children with severe disabilities. A major activity under the program is support of grants to change and improve systems for delivering services for children with severe disabilities. Research, outreach, and training, but not demonstration, activities have been supported on a regular basis under the program in recent years.

Early childhood education The purpose of the Early Childhood Education program is to improve early intervention, special education, and related services for infants, toddlers, and children with disabilities from birth through 8 years of age. It supports research, demonstration, outreach, technical assistance, and training activities.

Secondary and transitional services This program supports activities to improve secondary special education and assist in the transition of youth with disabilities to postsecondary education, vocational training, competitive employment, continuing education, independent and community living, or adult services. A major activity under this program is joint awards to State educational and vocational rehabilitation agencies to develop, implement, and improve systems to provide transition services for youth with disabilities from age 14 through the age they exit school. The program also supports research, development, outreach, and technical assistance activities.

Postsecondary education This program supports demonstration projects related to postsecondary, vocational, technical, continuing, and adult education for individuals with disabilities. Under the current authorization at least \$4 million of the funds available under this program are required to be awarded to 4 institutions to serve only students with deafness. This amount was increased from \$2 million by amendments to IDEA in 1990.

Innovation and development The Innovation and Development program supports research and related activities to improve the knowledge base and improve the practice of professionals, parents, and others providing early intervention, special education, and related services.

Media and captioning services The purposes of the Media and Captioning Services program are to promote the general welfare of deaf, hard of hearing, and visually impaired individuals, and the education and advancement of individuals with disabilities. The program does this primarily by supporting the captioning of television programs, captioning and distribution of educational and theatrical films, and providing cultural experiences related to deafness. For visually impaired persons, activities focus primarily on supporting described video and the distribution of free recorded textbooks. Some research has been done related to the education of children with disabilities.

SPECIAL EDUCATION

Special purpose funds

Technology applications The purpose of this program is to advance the use of new technology, media, and materials in providing special education, related services, and early intervention services to children with disabilities. The program supports a variety of research, dissemination, and technical assistance activities related to the development, production, and marketing of technology for use in serving children with disabilities.

Special studies The purposes of the Special Studies program are generally to assess the impact and effectiveness of efforts to provide special education and early intervention services, and provide Congress and others with information regarding these assessments. The program supports evaluations, studies, analyses, and syntheses as well as data collection activities.

Personnel development The purpose of the Personnel Development program is to increase the quality and reduce shortages of personnel providing special education, related services, and early intervention services to children with disabilities. Most funds must be awarded to institutions of higher education for training special educators, related services personnel, and early intervention personnel. Remaining funds are used for special projects to develop new personnel preparation approaches, grants to consortia for training personnel, and grants to State educational agencies for addressing State personnel needs.

Parent training The Parent Training program supports awards to provide training and information to parents of children with disabilities to enable them to participate more effectively with professionals in meeting the educational and early intervention needs of their children. One or more awards have been made in all but two States.

Clearinghouses The Clearinghouses program supports three national clearinghouses that provide information on: (1) a wide range topics pertaining to the education of children with disabilities; (2) postsecondary educational opportunities for individuals with disabilities; and (3) career opportunities in special education, special education training programs, and special education personnel needs.

Regional resource centers The primary purpose of the Regional Resource Centers program is to provide consultation, technical assistance, and training to State educational agencies and, through these agencies, to local educational agencies and other appropriate public agencies providing special education, related services, and early intervention services.

These are current-funded programs for which funds are available from October 1 of the year of the appropriation to September 30 of the succeeding calendar year. Awards are usually made on a competitive basis in the first year, and renewed on a noncompetitive basis for two to five succeeding fiscal years.

Funding levels for Special Purpose Funds programs for the past 5 fiscal years were as follows:

	(\$ in 000s)
1991	\$203,358
1992	240,800
1993	247,427
1994	249,729
1995	254,034

SPECIAL EDUCATION

Special purpose funds

1996 BUDGET REQUEST

No funds are requested for the 14 Special Purpose Funds programs, which are all expiring at the end of 1995. New legislation is being developed that would consolidate these programs into 5 new authorities. Funds for continuation of awards previously funded under these programs would be requested under the 5 new Program Support and Improvement programs. Below is an explanation of how projects currently funded under the Special Purpose Funds programs would be distributed among the new Program Support and Improvement programs.

Deaf-blindness Funds for continuation of technical assistance and clearinghouse projects related to children with deaf-blindness would be requested under the new Technical Assistance and Systems Change program.

Demonstration projects, but not research or outreach projects, are currently being funded under the Deaf-Blindness program. Continuation support for these projects would be provided under the new Research and Demonstrations program.

Serious emotional disturbance Research and demonstration, but not outreach projects, are currently being funded under this program. Continuation support for these projects would be provided under the new Research and Demonstrations program.

Funds for continuation support for personnel development activities that were initiated in prior years would be requested under the new Professional Development program.

Severe disabilities A major activity under the Severe Disabilities program is support of grants to change and improve systems for delivering services for children with severe disabilities. Funds for continuation awards for these projects would be requested under the new Technical Assistance and Systems Change program.

Research and outreach projects, but not demonstration projects, are currently being funded under the Severe Disabilities program. Continuation support for these projects would be provided under the new Research and Demonstrations program.

Continuation support for training projects would be provided under the new Professional Development program.

Early childhood education Continuation support for research, demonstration, and outreach projects would be provided under the new Research and Demonstrations program.

Technical assistance and dissemination activities would be continued under the new Technical Assistance and Systems Change program.

Continuation support for training projects would be requested under the new Professional Development program.

Secondary and transitional services Support for continuation awards to State educational and vocational rehabilitation agencies for transition services systems and awards for technical assistance projects would be provided under the new Technical Assistance and Systems Change program.

SPECIAL EDUCATION

Special purpose funds

Support for continuation of current research, demonstration, and outreach projects would be requested under the new Research and Demonstrations program.

Postsecondary education Continuation support for current demonstration activities would be requested under the new Research and Demonstrations program.

Innovation and development Support for continuation of current research and related activities would be requested under the new Research and Demonstrations program.

Funds for continuing support for the ERIC clearinghouse would be requested under the new Technical Assistance and Systems Change program.

Media and Captioning Services Funds for continuation projects would be requested under the new Technology Development and Support program.

Technology applications Funds for continuation projects would be requested under the new Technology Development and Support program.

Special studies Continuation support for cooperative agreements with States to evaluate their programs would be requested under the new Technical Assistance and Systems Change program. Continuation support for other activities related to assessing the impact and effectiveness of efforts to provide special education and early intervention services and provide Congress and others with information regarding these assessments would be requested under the new Research and Demonstrations program.

Personnel development Funds to support continuation of current projects would be requested under the new Professional Development program.

Parent training Continuation funding for current projects would be requested under the new Parent Training program.

Clearinghouses Funds to support continuation of current projects would be requested under the new Technical Assistance and Systems Change program.

Regional resource centers Continuation funding for the regional resource centers and the national coordinating center would be requested under the new Technical Assistance and Systems Change program.

IMPACT DATA (\$ in 000s)

NOTES--Impact data on the Special Purpose Funds programs is shown on a comparable basis as part of the impact data for programs under the proposed Program Support and Improvement activities.

--The impact data that follows shows total funding for the individual expiring Special Purpose Funds programs based on actual 1994 and 1995 appropriations.

SPECIAL EDUCATION

Special purpose funds

	1994	1995	1996
Program funding: (\$ 000s)			
Deaf-Blindness:			
New	\$615	\$10,245	0
Continuation	12,204	2,551	0
Peer review of new award applications	13	36	0
Subtotal	12,832	12,832	0
Serious emotional disturbance:			
New	359	1,792	0
Continuation	3,772	2,331	0
Peer review of new award applications	16	24	0
Subtotal	4,147	4,147	0
Severe disabilities:			
New	2,491	2,506	0
Continuation	6,789	7,492	0
Peer review of new award applications	50	32	0
Subtotal	9,330	10,030	0
Early childhood education:			
New	5,308	6,082	0
Continuation	19,764	18,980	0
Peer review of new award applications	95	105	0
Subtotal	25,167	25,167	0
Secondary and transitional services:			
New	1,938	4,614	0
Continuation	19,971	19,291	0
Peer review of new award applications	57	61	0
Subtotal	21,966	23,966	0
Postsecondary education:			
New	1,514	1,644	0
Continuation	7,267	7,150	0
Peer review of new award applications	58	45	0
Subtotal	8,839	8,839	0
Innovation and development:			
New	5,924	5,985	0
Continuation	14,549	14,478	0
Peer review of new award applications	162	172	0
Subtotal	20,635	20,635	0
Media and captioning services:			
New	5,518	8,962	0
Continuation	13,096	10,160	0
Peer review of new award applications	28	20	0
Subtotal	18,642	19,142	0
Technology applications:			
New	3,571	2,650	0
Continuation	7,193	8,167	0
Peer review of new award applications	98	45	0
Subtotal	10,862	10,862	0

SPECIAL EDUCATION

Special purpose funds

	1994	1995	1996
Special studies:			
New	\$787	\$1,502	0
Continuation	3,058	2,642	0
Peer review of new award applications	<u>10</u>	<u>16</u>	<u>0</u>
Subtotal	3,855	4,160	0
Personnel development:			
New	27,169	16,015	0
Continuation	63,740	74,951	0
Peer review of new award applications	<u>430</u>	<u>373</u>	<u>0</u>
Subtotal	91,339	91,339	0
Parent training:			
New	3,878	3,015	0
Continuation	8,845	10,500	0
Peer review of new award applications	<u>12</u>	<u>20</u>	<u>0</u>
Subtotal	12,735	13,535	0
Clearinghouses:			
Continuation	2,162	2,162	0
Regional resource centers:			
Continuation	7,218	7,218	0
Total:			
New	59,072	65,012	0
Continuation	189,628	188,073	0
Peer review of new award applications	<u>1,029</u>	<u>949</u>	<u>0</u>
Total	249,729	254,034	0
Number of projects:			
Deaf-blindness:			
New	3	50	0
Continuation	<u>59</u>	<u>10</u>	<u>0</u>
Subtotal	62	60	0
Serious emotional disturbance:			
New	2	10	0
Continuation	<u>29</u>	<u>16</u>	<u>0</u>
Subtotal	31	26	0
Severe disabilities:			
New	10	12	0
Continuation	<u>28</u>	<u>31</u>	<u>0</u>
Subtotal	38	43	0
Early childhood education:			
New	32	35	0
Continuation	<u>83</u>	<u>90</u>	<u>0</u>
Subtotal	115	125	0

SPECIAL EDUCATION

Special purpose funds

	1994	1995	1996
Secondary and transitional services:			
New	15	18	0
Continuation	66	72	0
Subtotal	81	90	0
Postsecondary education:			
New	14	16	0
Continuation	38	34	0
Subtotal	52	50	0
Innovation and development:			
New	54	52	0
Continuation	104	92	0
Subtotal	158	144	0
Media and captioning services:			
New	68	64	0
Continuation	28	29	0
Subtotal	96	93	0
Technology applications:			
New	17	9	0
Continuation	43	37	0
Subtotal	60	46	0
Special studies:			
New	9	8	0
Continuation	10	9	0
Subtotal	19	17	0
Personnel development:			
New	235	145	0
Continuation	621	715	0
Subtotal	856	860	0
Parent training:			
New	22	22	0
Continuation	48	51	0
Subtotal	70	73	0
Clearinghouses:			
Continuation	3	3	3
Regional resource centers:			
Continuation	7	7	0
Total:			
New	481	441	0
Continuation	1,167	1,196	0
Total	1,648	1,637	0

SPECIAL EDUCATION

Grants to States

State or Outlying Area	1994 Appro. for 1995	1995 Estimate for 1996	1996 Request for 1996
Alabama	\$40,487,044	\$42,788,074	—
Alaska	5,924,843	7,513,854	—
Arizona	28,038,640	29,592,519	—
Arkansas	20,579,011	22,483,267	—
California	218,652,251	230,149,928	—
Colorado	25,912,980	28,346,759	—
Connecticut	28,411,084	31,656,983	—
Delaware	5,127,927	6,544,450	—
Florida	112,372,162	120,939,753	—
Georgia	49,872,897	53,092,258	—
Hawaii	5,832,351	6,241,754	—
Idaho	9,189,720	9,833,083	—
Illinois	88,025,762	109,227,883	—
Indiana	49,395,986	54,061,230	—
Iowa	25,561,181	26,958,072	—
Kansas	19,605,370	21,396,412	—
Kentucky	32,832,935	34,354,906	—
Louisiana	35,036,635	36,640,023	—
Maine	11,751,000	12,673,502	—
Maryland	38,498,058	40,866,970	—
Massachusetts	57,037,707	66,099,977	—
Michigan	68,563,258	76,968,099	—
Minnesota	36,381,895	38,207,046	—
Mississippi	26,188,804	27,667,097	—
Missouri	45,507,201	48,328,144	—
Montana	7,689,619	8,086,860	—
Nebraska	14,963,025	15,713,415	—
Nevada	10,167,491	10,642,287	—
New Hampshire	8,940,323	9,820,561	—
New Jersey	76,736,808	81,165,684	—
New Mexico	17,828,619	18,743,397	—
New York	143,223,129	155,356,407	—
North Carolina	55,770,487	58,569,715	—
North Dakota	4,930,969	5,287,463	—
Ohio	88,812,768	94,943,313	—
Oklahoma	29,386,377	30,947,526	—
Oregon	21,590,227	26,746,487	—
Pennsylvania	77,347,501	88,347,047	—
Rhode Island	9,123,655	9,895,263	—
South Carolina	32,994,796	34,773,758	—
South Dakota	6,279,532	6,745,239	—
Tennessee	47,732,785	50,558,853	—
Texas	163,578,343	174,121,826	—
Utah	20,639,296	21,954,737	—
Vermont	3,791,338	4,561,597	—
Virginia	54,146,100	57,139,574	—
Washington	39,914,751	42,760,871	—
West Virginia	17,580,460	18,663,081	—
Wisconsin	40,277,699	42,927,548	—
Wyoming	4,966,892	5,204,556	—
District of Columbia	848,530	3,047,513	—
Puerto Rico	18,077,191	18,904,461	—
American Samoa	2,413,677	2,631,929	—
Northern Marianas	1,488,454	1,623,045	—
Guam	5,831,404	6,358,700	—
Virgin Islands	4,421,064	4,820,833	—
Marshall Islands	1,852,232	0	—
Micronesia	4,334,735	0	—
Palau	679,688	741,147	—
Dept. of Interior	26,539,333	28,478,264	—
TOTAL	2,149,686,000	2,322,915,000	2

¹The 1995 allocation will be based on the number of children served as of December 1, 1994. These figures are not yet available. The amounts in this table are preliminary estimates based on child count figures submitted for December 1, 1993 and will change once the 1994 child count is received and confirmed.

²To be determined based on legislation to be proposed.

SPECIAL EDUCATION

Chapter 1 Handicapped Program

State or Outlying Area	1994 Appro. for 1995	1995 Estimate for 1996	1996 Request for 1997
Alabama	\$579,621	0	0
Alaska	1,736,490	0	0
Arizona	520,906	0	0
Arkansas	1,080,103	0	0
California	1,548,379	0	0
Colorado	1,459,233	0	0
Connecticut	3,342,398	0	0
Delaware	1,244,714	0	0
Florida	6,487,254	0	0
Georgia	751,991	0	0
Hawaii	452,897	0	0
Idaho	405,197	0	0
Illinois	18,592,344	0	0
Indiana	3,080,745	0	0
Iowa	540,498	0	0
Kansas	1,085,100	0	0
Kentucky	356,380	0	0
Louisiana	657,812	0	0
Maine	376,658	0	0
Maryland	2,261,188	0	0
Massachusetts	10,466,861	0	0
Michigan	7,029,386	0	0
Minnesota	1,105,294	0	0
Mississippi	230,456	0	0
Missouri	1,318,929	0	0
Montana	199,402	0	0
Nebraska	314,900	0	0
Nevada	222,664	0	0
New Hampshire	754,341	0	0
New Jersey	2,133,456	0	0
New Mexico	93,702	0	0
New York	8,943,135	0	0
North Carolina	472,151	0	0
North Dakota	157,647	0	0
Ohio	1,973,861	0	0
Oklahoma	621,091	0	0
Oregon	4,738,979	0	0
Pennsylvania	11,160,163	0	0
Rhode Island	716,533	0	0
South Carolina	640,084	0	0
South Dakota	221,275	0	0
Tennessee	1,122,205	0	0
Texas	5,317,121	0	0
Utah	622,040	0	0
Vermont	781,587	0	0
Virginia	1,401,199	0	0
Washington	1,768,881	0	0
West Virginia	732,521	0	0
Wisconsin	2,216,484	0	0
Wyoming	196,069	0	0
District of Columbia	2,345,234	0	0
Puerto Rico	0	0	0
American Samoa	0	0	0
Northern Marianas	113,906	0	0
Guam	67,394	0	0
Virgin Islands	75,456	0	0
Palau	43,685	0	0
TOTAL	116,878,000	0	0

SPECIAL EDUCATION

Preschool Grants

State or Outlying Area	1994 Appro. for 1995	1995 Estimate for 1996	1996 Request for 1996
Alabama	\$5,840,375	\$6,202,032	—
Alaska	1,213,290	1,288,421	—
Arizona	4,710,003	5,001,663	—
Arkansas	3,666,800	3,893,862	—
California	36,119,473	38,356,118	—
Colorado	4,258,563	4,522,268	—
Connecticut	5,537,762	5,880,680	—
Delaware	1,355,738	1,439,690	—
Florida	14,031,500	14,900,381	—
Georgia	8,113,877	8,616,317	—
Hawaii	761,141	808,274	—
Idaho	1,846,865	1,961,230	—
Illinois	17,545,222	18,631,685	—
Indiana	7,127,370	7,568,722	—
Iowa	3,999,180	4,246,823	—
Kansas	3,809,957	4,045,883	—
Kentucky	8,993,370	9,550,272	—
Louisiana	6,381,820	6,777,005	—
Maine	2,006,322	2,130,561	—
Maryland	6,099,759	6,477,477	—
Massachusetts	7,822,602	8,307,006	—
Michigan	10,959,297	11,637,936	—
Minnesota	7,288,244	7,739,558	—
Mississippi	4,035,323	4,285,205	—
Missouri	4,950,960	5,257,541	—
Montana	1,282,742	1,362,174	—
Nebraska	2,127,510	2,259,253	—
Nevada	1,856,079	1,971,014	—
New Hampshire	1,230,299	1,306,483	—
New Jersey	11,023,080	11,705,668	—
New Mexico	2,504,537	2,659,627	—
New York	28,368,449	30,125,124	—
North Carolina	9,999,012	10,618,186	—
North Dakota	752,637	799,243	—
Ohio	11,585,077	12,302,466	—
Oklahoma	3,645,540	3,871,284	—
Oregon	2,450,676	2,602,430	—
Pennsylvania	10,840,236	11,511,502	—
Rhode Island	1,460,625	1,551,073	—
South Carolina	6,429,303	6,827,428	—
South Dakota	1,560,552	1,657,187	—
Tennessee	6,850,269	7,214,462	—
Texas	20,060,389	21,302,600	—
Utah	2,759,668	2,930,556	—
Vermont	703,737	747,314	—
Virginia	8,618,469	9,152,156	—
Washington	8,324,360	8,839,834	—
West Virginia	2,726,359	2,895,185	—
Wisconsin	8,959,353	9,514,148	—
Wyoming	1,051,707	1,116,832	—
District of Columbia	168,670	179,115	—
Puerto Rico	3,248,669	3,449,838	—
American Samoa	22,678	24,083	—
Northern Marianas	16,300	17,309	—
Guam	97,092	103,104	—
Virgin Islands	46,065	48,918	—
Palau	12,048	12,794	—
TOTAL	339,257,000	360,265,000	1 2

¹The 1995 allocation will be based on the number of children served as of December 1, 1994. These figures are not yet available. The amounts in this table are preliminary estimates based on child count figures submitted for December 1, 1993 and will change once the 1994 child count is received and confirmed.

²To be determined based on legislation to be proposed.

SPECIAL EDUCATION

Grants for Infants and Families

State or Outlying Area	1994 Appro. for 1995	1995 Estimate for 1996	1996 Request for 1996
Alabama	3,636,547	\$4,332,604	---
Alaska	1,237,632	1,524,910	---
Arizona	3,922,215	4,722,737	---
Arkansas	2,054,731	2,704,423	---
California	34,996,612	39,359,242	---
Colorado	3,207,936	3,908,639	---
Connecticut	2,754,255	3,957,024	---
Delaware	1,237,632	1,372,651	---
Florida	11,385,994	15,999,524	---
Georgia	6,504,198	7,320,250	---
Hawaii	1,237,632	1,566,923	---
Idaho	1,237,632	1,479,484	---
Illinois	11,106,525	14,142,283	---
Indiana	4,855,347	6,379,260	---
Iowa	2,232,081	2,827,567	---
Kansas	2,180,341	2,741,252	---
Kentucky	3,138,084	3,841,197	---
Louisiana	4,130,713	5,332,072	---
Maine	1,237,632	1,372,651	---
Maryland	4,494,909	6,184,140	---
Massachusetts	5,090,115	8,492,708	---
Michigan	8,232,797	10,230,303	---
Minnesota	3,877,592	5,174,859	---
Mississippi	2,520,647	2,839,258	---
Missouri	4,442,070	5,682,477	---
Montana	1,237,632	1,395,819	---
Nebraska	1,352,447	1,760,313	---
Nevada	1,320,760	1,681,013	---
New Hampshire	1,237,632	1,522,232	---
New Jersey	6,994,924	8,628,130	---
New Mexico	1,654,768	1,868,984	---
New York	16,637,446	20,619,482	---
North Carolina	6,033,463	7,034,210	---
North Dakota	1,237,632	1,372,651	---
Ohio	9,708,755	10,828,443	---
Oklahoma	2,811,532	3,645,494	---
Oregon	2,483,462	3,213,301	---
Pennsylvania	9,633,345	12,916,815	---
Rhode Island	1,237,632	1,564,797	---
South Carolina	3,296,241	4,164,473	---
South Dakota	1,237,632	1,372,651	---
Tennessee	4,346,068	5,565,635	---
Texas	18,816,567	24,013,525	---
Utah	2,160,609	2,795,649	---
Vermont	1,237,632	1,372,651	---
Virginia	5,660,050	7,266,301	---
Washington	4,704,307	6,023,451	---
West Virginia	1,291,991	1,900,469	---
Wisconsin	4,136,450	5,659,441	---
Wyoming	1,237,632	1,423,267	---
District of Columbia	1,237,632	1,383,883	---
Puerto Rico	3,630,290	4,048,963	---
American Samoa	475,322	592,635	---
Northern Marianas	296,185	369,261	---
Guam	1,045,571	1,303,626	---
Virgin Islands	619,990	773,008	---
Palau	94,472	117,789	---
Dept. of Interior	3,094,080	3,945,400	---
TOTAL	253,152,000	315,632,000 ¹	--- ²

¹The 1995 allocation will be based on the number of children served as of December 1, 1994. These figures are not yet available. The amounts in this table are preliminary estimates based on child count figures submitted for December 1, 1993 and will change once the 1994 child count is received and confirmed.

²To be determined based on legislation to be proposed.

Department of Education

REHABILITATION SERVICES AND DISABILITY RESEARCH

Fiscal Year 1996 Budget Request

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REHABILITATION SERVICES AND DISABILITY RESEARCH

For carrying out, to the extent not otherwise provided, the Rehabilitation Act of 1973, the Technology-Related Assistance for Individuals with Disabilities Act, and the Helen Keller National Center Act, as amended, [\$2,393,352,000] \$2,456,937,000. (*Department of Education Appropriations Act, 1995.*)

REHABILITATION SERVICES AND DISABILITY RESEARCH

Amounts Available for Obligation
(\$ in 000s)

	1994	1995	1996
<u>Current authority:</u>			
Annual appropriation	\$2,296,936	\$2,393,352	\$2,456,937
<u>Permanent authority:</u>			
Spending authority from offsetting collections from Federal sources:			
Interagency reimbursements . . .	2,072	0	0
Non Federal sources:			
grantbacks	<u>471</u>	<u>0</u>	<u>0</u>
Subtotal, permanent authority . .	2,543	0	0
Subtotal, gross budget authority	2,299,479	2,393,352	2,456,937
Unobligated balance, start of year .	4,719	3,600	0
Unobligated balance, end of year . .	-3,600	0	0
Unobligated balance expiring	<u>-29</u>	<u>0</u>	<u>0</u>
Total obligations	2,300,570 ^{1, 2}	2,396,952	2,456,937

¹ Includes \$2.54 million for reimbursable activities carried out by this account

² Due to rounding, numbers do not total.

REHABILITATION SERVICES AND DISABILITY RESEARCH

Obligations by Object
(\$ in 000s)

	1994	1995	1996
Travel and transportation of persons .	\$17	\$10	\$10
Printing and reproduction	46	100	50
Consulting services	5,016	5,000	5,000
Other contractual services:			
Peer review	616	893	1,059
Project contracts	<u>496</u>	<u>507</u>	<u>531</u>
Subtotal, Other	1,112	1,400	1,590
Purchases of goods and services from			
Government accounts	1,370	1,200	1,200
Research and development contracts	1,126	1,100	1,100
Grants, subsidies and contributions . .	<u>2,289,340</u>	<u>2,388,142</u>	<u>2,447,987</u>
Total.	2,298,027	2,396,952	2,456,937

NOTES

Excludes the following obligations from permanent authority: 1994 - \$2.54 million.

Amounts shown in 1995 and 1996 for consulting services reflect estimates of contracts that may be classified as consulting services; these amounts may change once the funds are obligated.

REHABILITATION SERVICES AND DISABILITY RESEARCH

Summary of Changes
(\$ in 000s)

1995	\$2,393,352	
1996	2,456,937	
Net change	+63,585	
	<u>1995 base</u>	<u>Change from base</u>
<u>Increases:</u>		
<u>Built in:</u>		
Increase in funding for Vocational Rehabilitation (VR) State grants for mandated increases	\$2,043,874	+\$53,085
Increase in funding for Grants to Indians for mandated increases	10,271	+323
<u>Program:</u>		
Increase in funding for VR State grants above the mandated level in order to help States respond to the increase in the number of eligible individuals in the VR system	0	+11,281
Technical assistance to State VR agencies to assist them in responding to identified problems	0	+1,000
Increase in funding for Client Assistance to permit CAPs to maintain their present level of services	9,824	+295
Increase in funding for Supported Employment State grants to meet the increased costs of providing services to individuals with the most severe disabilities	36,536	+1,616
Increase in funding for Independent Living Centers to reach previously unserved or underserved areas	40,533	+1,216
Increase in funding for Helen Keller National Center for salary and other cost increases	6,936	+208

REHABILITATION SERVICES AND DISABILITY RESEARCH

Summary of Changes - Continued
(\$ in 000s)

	<u>1995 base</u>	<u>Change from base</u>
Increase in funding for Assistive Technology to provide additional assistance to States for the development and implementation of their Title I statewide technology assistance programs	\$39,249	<u>+\$1,177</u>
Subtotal, increases		+70,201
<u>Decreases:</u>		
<u>Program:</u>		
Decrease in funding for the Special Demonstration programs to reallocate funds to direct service programs for individuals with disabilities	30,558 ¹	<u>-6,616</u>
Subtotal, decreases		-6,616
Net change		+63,585

¹ Adjusted for comparability. Includes \$10.6 million provided for Supported employment projects authorized under section 311(c).

REHABILITATION SERVICES AND DISABILITY RESEARCH

Authorizing Legislation

Activity	1995 Authorized	1995 Estimate	1996 Authorized	1996 Request
Vocational rehabilitation State grants:				
Grants to States (RA-I A, B-110 and 111)	Indefinite ¹	\$2,043,874,000	Indefinite ²	\$2,108,240,000
Grants for Indians (RA-I-D)	Indefinite ³	10,271,000	Indefinite	10,594,000
Technical assistance to States (RA-12(a))	Indefinite	0	Indefinite	1,000,000
Client assistance State grants (RA-I-112)	Indefinite	9,824,000	Indefinite	10,119,000
Training (RA-III-302(a)-(d)), (f), (g) and RA-VIII-803(a)-(d))	Indefinite	39,629,000	Indefinite	39,629,000
Special demonstration programs (RA-III-311(a)-(d) and RA-VIII-802(g))	Indefinite	30,558,000 ⁴	Indefinite	23,942,000
Migratory workers (RA-III-312)	Indefinite	1,421,000	Indefinite	1,421,000
Recreational programs (RA-III-316)	Indefinite	2,596,000	Indefinite	2,596,000
Protection and advocacy of individual rights (RA-V-509)	Indefinite	7,456,000	Indefinite	7,456,000
Projects with industry (RA-VI-B)	Indefinite	22,071,000	Indefinite	22,071,000
Supported employment State grants (RA-VI-C)	Indefinite	36,536,000	Indefinite	38,152,000
Independent living:				
State grants (RA-VII-1-B)	Indefinite	21,859,000	Indefinite	21,859,000
Centers (RA-VII-1-C)	Indefinite	40,533,000	Indefinite	41,749,000
Services for older blind individuals (RA-VII-2)	Indefinite	8,952,000	Indefinite	8,952,000
Evaluation (RA-14)	Indefinite	1,587,000	Indefinite	1,587,000
Helen Keller National Center for deaf-blind youths and adults (HKNCA- 202-207)	Indefinite	6,936,000	Indefinite	7,144,000
National Institute on Disability and Rehabilitation Research (RA-II)	Indefinite	70,000,000	Indefinite	70,000,000
Assistive technology (TRAIDA-I)	Indefinite	39,249,000 ⁵	Indefinite	40,426,000
Unfunded authorizations:				
Innovation and expansion (RA-I-C) ⁶	Indefinite	---	Indefinite	---
Training consortia (RA-III-302(e))	Indefinite	---	Indefinite	---
Training services (RA-III-303)	Indefinite	---	Indefinite	---
Comprehensive rehabilitation centers (RA-III-305)	Indefinite	---	Indefinite	---
Low-functioning deaf projects (RA-III-311(e))	Indefinite	---	Indefinite	---
Reader services (RA-III-314)	Indefinite	---	Indefinite	---

REHABILITATION SERVICES AND DISABILITY RESEARCH

Authorizing Legislation -- Continued

Activity	1995 Authorized	1995 Estimate	1996 Authorized	1996 Request
<u>Unfunded authorizations (cont'd):</u>				
Interpreter services (RA-III-315)	Indefinite	---	Indefinite	---
Business opportunities (RA-VI-D)	Indefinite	---	Indefinite	---
Demonstration activities (RA-VIII-802(b)-(f)-(h)-(k))	Indefinite	---	Indefinite	---
Training activities (RA-VIII-803(e))	Indefinite	---	Indefinite	---
Helen Keller National Center Federal endowment program (HKNCA-208)	Indefinite	---	Indefinite	---
Assistive technology (TRAIDA-II and III)	Indefinite	---	Indefinite	---
Total definite authorization	---	---	---	---
Total appropriation	---	\$2,393,352,000	---	\$2,456,937,000

¹ The authorizing legislation mandates funding at least at the level of \$2,029,421,000, which is the 1994 appropriation adjusted by the twelve month change in the Consumer Price Index for all Urban Consumers (CPIU) published in October 1993.

² The authorizing legislation mandates funding at least at the level of \$2,107,553,000, which is the 1995 appropriation adjusted by the twelve month change in the Consumer Price Index for all Urban Consumers (CPIU) published in October 1994.

³ The Rehabilitation Act Amendments of 1992 require that 0.5 percent of the appropriation in fiscal years 1995 through 1997 for Vocational Rehabilitation State grants be set aside for Grants for Indians.

⁴ Adjusted for comparability. Includes \$10,616,000 for Supported employment projects authorized under section 311(c).

⁵ The National Classification System (Title II, Subtitle A) will be supported with \$200,000 in FY 1995. This activity is not authorized in FY 1996.

⁶ The authorization of appropriations for this unfunded program is contained in section 100(b)(2). Under the VR State grants program, each State is required to use 1.5 percent of its Federal funds for Innovation and expansion activities authorized in part C of Title I.

REHABILITATION SERVICES AND DISABILITY RESEARCH

Table of Estimates and Appropriations
(\$ in 000s)

	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1987	\$1,225,400	\$1,152,656 ¹	\$1,484,758	\$1,484,758
1987 Proposed Rescission	-127,455	---	---	---
1988	1,401,123	1,561,940	1,619,395	1,590,400
1989	1,616,435	1,656,592	1,669,895	1,668,070
1990	1,735,161	1,743,973	1,789,870	1,804,870
1990 Sequester	---	---	---	-24,658
1991	1,839,073	1,851,911	1,903,862	1,889,288
1992	2,003,380	1,998,501	2,071,158	2,077,158
1993	2,138,263	2,125,385	2,199,107	2,182,699
1994	2,251,028	2,251,028	2,316,913	2,296,936
1995	2,361,458	2,355,600	2,413,675	2,393,352

¹ The House deferred consideration of appropriations for all rehabilitation programs except for Vocational Rehabilitation State Grants and the Helen Keller National Center, pending the enactment of reauthorizing legislation.

REHABILITATION SERVICES AND DISABILITY RESEARCH

Significant Items in FY 1995 Appropriations Reports

Vocational Rehabilitation Training

Senate: The Committee believes that techniques such as distance learning could be used to significantly expand training opportunities for graduate students studying rehabilitation placement. Within the funds provided, the Committee directs the Department to provide support for vocational rehabilitation training activities that develop and demonstrate distance learning strategies.

Response: The Department has announced an invitational priority under the Long-Term Training program for distance learning training opportunities for graduate students studying rehabilitation placement. Projects will be funded for a period of up to sixty months.

National Institute on Disability and Rehabilitation Research (NIDRR) - Spinal Cord Model Systems Program

Senate: The Committee directs that the increase provided for the National Institute on Disability and Rehabilitation Research will be used to fund the Spinal Cord Model Systems Program at a level of \$7,000,000. The funds provided will be sufficient to fund at least 13 model systems and allow for additional systems to be started in areas of the country which are currently in need of services.

Response: NIDRR intends to spend \$7 million on the Spinal Cord Injury (SCI) model systems program including an estimated \$180,000 to support the SCI data base management contract.

National Institute on Disability and Rehabilitation Research - 18th International Congress on Education of the Deaf

Senate: The Committee believes that NIDRR's International Exchange of Information and Experts Program will provide increased opportunities for collaboration and exchange of information on international rehabilitation issues. The Committee directs NIDRR to provide support through this program for American educators of the deaf to attend the 18th International Congress on Education of the Deaf, which will be held in Tel Aviv, Israel in July 1995.

Response: NIDRR intends to carry out this activity under the International Exchange of Information and Experts Project funded under the Knowledge, Dissemination and Utilization program.

Assistive Technology - Distribution Information Systems and Recycling Centers

Senate: Based on the availability of funds, the Committee instructs the Secretary to support the authority in section 213 for device and equipment redistribution information systems and recycling centers.

REHABILITATION SERVICES AND DISABILITY RESEARCHSignificant Items in FY 1995 Appropriations Reports- Continued

Response: In fiscal year 1995 Congress appropriated \$1.5 million less than the Department requested for the Assistive Technology program, providing insufficient funds to support a separate competition under title II. However, States carry out device and equipment redistribution and recycling activities under their current grants.

REHABILITATION SERVICES AND DISABILITY RESEARCH

Summary of Request
(\$ in 000s)

	1995	1996	Change
Vocational rehabilitation State grants:			
Grants to States	\$2,043,874	\$2,108,240	+\$64,366
Grants for Indians	10,271	10,594	+323
Subtotal	2,054,145	2,118,834	+64,689
Technical assistance to States	0	1,000	+1,000
Client assistance State grants	9,824	10,119	+295
Training	39,629	39,629	0
Special demonstration programs	30,558	23,942	-6,616
Migratory workers	1,421	1,421	0
Recreational programs	2,596	2,596	0
Protection and advocacy of individual rights	7,456	7,456	0
Projects with industry	22,071	22,071	0
Supported employment State grants	36,536	38,152	+1,616
Independent living:			
State grants	21,859	21,859	0
Centers	40,533	41,749	+1,216
Services for older blind individuals	8,952	8,952	0
Evaluation	1,587	1,587	0
Helen Keller National Center	6,936	7,144	+208
National Institute on Disability and Rehabilitation Research	70,000	70,000	0
Assistive Technology	39,249	40,426	+1,177
Total	2,393,352	2,456,937	+63,585

¹ Adjusted for comparability. Includes \$10.6 million provided for Supported employment projects authorized under section 311(c).

The Rehabilitation Services and Disability Research account funds formula grants to States for vocational rehabilitation services, and a variety of smaller research, demonstration, and service programs, including the Assistive Technology program authorized under the Technology-Related Assistance for Individuals with Disabilities Act. The purpose of the programs in this account is to develop and implement, through research, training, and direct services, comprehensive and coordinated programs of vocational rehabilitation and independent living for individuals with disabilities.

The President's budget request will advance the National Education Goal of adult literacy and lifelong learning by assisting individuals with disabilities to acquire the knowledge and skills necessary to compete in a global economy. Accordingly, the request includes an increase of

REHABILITATION SERVICES AND DISABILITY RESEARCH

Summary of Request – Continued

\$63.6 million above the 1995 level for the Rehabilitation Services and Disability Research account to increase employment and independent living opportunities for individuals with disabilities. For the Vocational Rehabilitation (VR) State Grants program, the primary source of Federal funding for VR services, the Administration is requesting a 3.15 percent increase, \$11.3 million more than is necessary to satisfy the increase required by the authorizing legislation, in order to help States respond to the increase in the number of eligible individuals in the VR system and to offset the increased costs of providing VR services to a more severely disabled population. The request also includes \$1 million for Technical Assistance to States to support technical assistance initiatives of national scope and the provision of technical assistance to State VR agencies in their efforts to improve the efficiency and effectiveness of their VR programs. The 1996 request also provides sufficient funds to maintain current services in the other major programs providing direct services to assist individuals with disabilities in obtaining employment and pursuing independent living goals. These include the Client Assistance State grant program, the Independent Living Centers program, and the Helen Keller National Center. The request includes a decrease in funding for Special Demonstration programs in order to reallocate funds to direct service programs.

Consistent with the 1992 Amendments, the Administration proposes increased funding for programs that will maximize the inclusion of individuals with severe disabilities into the mainstream of American society. The request includes a 4.4 percent increase for the Supported Employment State grants program to meet the increased costs of providing services to individuals with the most severe disabilities and a 3.0 percent increase for the Technology Assistance program to provide enhanced support for grants to States. The Administration proposes to fund the remaining programs in this account at the 1995 level. We believe that this level will provide sufficient funds for the activities in these programs.

The Commissioner is required to use 1 percent of the aggregate funds appropriated for programs authorized in Titles II, III, VI, VII, and VIII for minority outreach activities as specified in Section 21 of the Act. In fiscal year 1996, this amount would total \$2,703,710, and the requirement would be implemented by reserving 1 percent of the funds provided for each of these programs.

The Rehabilitation Services and Disability Research account is classified as mandatory under the Budget Enforcement Act (BEA). In accordance with BEA scorekeeping rules, OMB must score against the discretionary budget authority cap any differences from the baseline achieved through appropriations language. The fiscal year 1995 appropriation for this account was \$31.8 million above the baseline. Therefore, OMB scored this amount as discretionary spending for purposes of reporting under Section 251(a)(7) of the BEA. The fiscal year 1996 baseline for this account is \$2,456,937,000, the amount requested in the President's 1996 Budget.

REHABILITATION SERVICES AND DISABILITY RESEARCH

Vocational Rehabilitation State grants

(Rehabilitation Act of 1973, Title I, Parts A, B (Sections 110 and 111), and D)

1996 Authorization (\$ in 000s): Indefinite ¹

Budget Authority (\$ in 000s):

	<u>1995</u>	<u>1996</u>	<u>Change</u>
State grants	\$2,043,874	\$2,108,240	+\$64,366
Indian set-aside	<u>10,271</u>	<u>10,594</u>	<u>+323</u>
Total	2,054,145	2,118,834	+64,689

¹ Authorizing legislation mandates fiscal year 1996 funding at least at the level of \$2,107,553,000 which is the 1995 appropriation adjusted by the 12-month change in the Consumer Price Index for all Urban Consumers (CPIU) published in October 1994. The Rehabilitation Act also requires that not less than 0.5 percent and not more than 1.5 percent of the appropriation in fiscal year 1996 for Vocational Rehabilitation State Grants be set aside for Grants for Indians.

PURPOSE AND METHOD OF OPERATION

This program supports vocational rehabilitation (VR) services through assistance to the States. The VR State Grants program provides a wide range of services designed to help persons with disabilities prepare for and engage in gainful employment to the extent of their capabilities. Individuals with a physical or mental impairment that results in a substantial impediment to employment who can benefit in terms of an employment outcome and require VR services are eligible for assistance. Services are tailored to the specific needs of the individual and an individualized written rehabilitation program is developed jointly by a rehabilitation counselor and the individual. The program may include a variety of services, such as vocational evaluation, counseling, mental and physical restoration, education, vocational training, work adjustment, job placement, and post employment services. Priority is given to serving individuals with the most severe disabilities.

This is a current-funded formula grant program that provides financial assistance to States to cover the cost of direct services and program administration. The authorizing legislation requires an increase in funding equal to the percentage increase in the Consumer Price Index for Urban Consumers (CPIU) over the past year. States may carry over unobligated Federal funds for an additional year, if a State has met all matching requirements for the fiscal year in which funds were appropriated.

An allotment formula that takes into account population and per capita income is used to distribute funds among the States. The fiscal year 1995 and 1996 allotments are based on population as reported by the Census Bureau as of July 1993 and per capita income for calendar years 1990, 1991, and 1992 as reported by the Department of Commerce. Fiscal year 1996 estimates are subject to revision when new data become available. Grant funds are administered by vocational rehabilitation agencies designated by each State. The State

REHABILITATION SERVICES AND DISABILITY RESEARCH

Vocational rehabilitation State grants

matching requirement is 21.3 percent, except the State share is 50 percent for the cost of construction of a facility for community rehabilitation program purposes. States are required to maintain the level of State expenditures made under the State plan from non-Federal sources at least at the level spent during the fiscal year two years earlier. Each State is also required to use 1.5 percent of the Federal funds received under the VR State grant program for innovation and expansion activities, authorized in Part C of Title I.

Under the Rehabilitation Act, not less than 0.5 percent of the funds appropriated in fiscal years 1995 through 1997 for the VR State grants program must be set aside for Grants for Indians. Service grants are awarded to Indian tribes on a competitive basis to help tribes develop the capacity to provide vocational rehabilitation services to American Indians with disabilities living on reservations.

Funding levels for the past 5 fiscal years were as follows:

(\$ in 000s)

1991	\$1,632,625
1992	1,788,000
1993	1,879,679
1994	1,974,145
1995	2,054,145

1996 BUDGET REQUEST

The 1996 budget request for Vocational Rehabilitation State Grants is \$2,118.8 million, an increase of \$64.7 million, or 3.15 percent over the 1995 level. Of this total, \$10.6 million or 0.5 percent will be set aside for Grants for Indians. An increase of 3.15 percent for the VR State Grants program is requested to assist State VR agencies in responding to the dramatic increase in eligible individuals in the VR system as a result of the Rehabilitation Act Amendments of 1992 and to help offset the increased costs of providing VR services to a more severely disabled population. The requested increase is \$11.3 million more than necessary to satisfy the existing statutory requirement to increase funding for the program by at least the percentage change in the CPIU for the 12-month period completed in October 1994.

The Rehabilitation Act Amendments of 1992 have had a significant effect on the VR program. The most dramatic effect has been an increase in the number of eligible individuals in the VR system. The Amendments modified the eligibility criteria to speed up the eligibility determination process and to ensure that individuals with severe disabilities were not determined to be ineligible because of the severity of their disability. Under the new criteria an eligibility determination must be made in 60 days (with exceptions) using existing information to the extent possible, and it is presumed that an individual with a physical or mental impairment can benefit from VR services in terms of an employment outcome unless there is clear and convincing evidence to the contrary. As a result, there has been a large increase in the number of new individuals determined eligible

REHABILITATION SERVICES AND DISABILITY RESEARCH

Vocational rehabilitation State grants

(acceptances), despite a continuing small decrease in the number of applicants, and a large increase in the total number of eligible individuals in the VR system. From fiscal years 1992 to 1993, the increase in the total number of eligible individuals in the VR system was approximately 10 percent, and preliminary data for 1994 show a 14 percent increase over 1993.

Many State VR agencies are unable to meet the current demand for services and the number of State agencies that cannot serve all eligible individuals is increasing. The Rehabilitation Act requires a State VR agency to implement an approved order of selection if it cannot serve all eligible individuals and serve first those individuals with the most severe disabilities. In 1994, 32 of the 81 State VR agencies (39.5 percent) could not serve all individuals determined to be eligible for the program and were operating under an order of selection (an increase of 8 agencies over 1993). In 1995, 34 of the 82 State VR agencies (41.5 percent) had an approved plan for implementing order of selection. In addition, 11 agencies have an approved order but have not yet had to implement it. RSA expects the number of States operating under an order of selection to continue to increase.

In 1993, and in 1994, there was a small increase in the number of cases closed as rehabilitated and a large increase in the number of cases closed as not rehabilitated. The increase in the number of cases closed not rehabilitated was primarily due to the large increase in the individuals whose cases were closed prior to receiving VR services. We believe that individuals are leaving the VR system because they have not received services and that State VR agencies do not have sufficient resources to serve them. In some cases, individuals who are on waiting lists in States that have implemented an order of selection for services will never receive services. Of those individuals whose cases were closed in 1994 after receiving VR services, about 61 percent were successfully rehabilitated.

In addition to responding to the increase in the number of individuals in the VR system, State VR agencies must provide for the increased costs of serving a more severely disabled population. The percentage of the persons served who were classified as "severely disabled" in the Case Service Report System increased from 70 percent in 1992 to 74 percent in 1994. Prior to 1993, this indicator had been increasing by approximately one percentage point each year. State VR agencies typically spend 40 to 45 percent more on purchased services for individuals with severe disabilities who are rehabilitated, as compared to individuals with non-severe disabilities. Examples of higher cost services include rehabilitation technology services and devices and personal assistant services.

The State-reported data for prior years provides every indication that spending on rehabilitation services results in significant benefits. Approximately 85 percent of the individuals rehabilitated each year enter the competitive labor market or became self-employed. In 1992, the average weekly earnings for those individuals who were employed at closure was \$219.20. The average weekly earnings at closure for all clients rehabilitated was \$159.70 more than the mean reported at application. The number of individuals rehabilitated who reported that their own income was their primary source of support (as opposed to family and friends, public assistance, worker's compensation, social security disability, etc.) increased from 17.8 percent at application to 74.9 percent at closure.

REHABILITATION SERVICES AND DISABILITY RESEARCH

Vocational rehabilitation State grants

The Department is committed to closely monitoring program outcomes to improve program performance and is in the process of developing evaluation standards and performance indicators for the VR program. The Department received numerous comments on the preliminary evaluation standards and performance indicators distributed for public comment last November for program accessibility, high-quality employment outcomes, consumer satisfaction, and retention of program benefits. The Department expects to publish a Notice of Proposed Rulemaking including expected performance levels by June of this year.

The Administration's request of \$10.6 million for Grants to Indians is \$323,000 more than the funds set aside under the 1995 appropriation. The funds requested will be used to increase and improve vocational rehabilitation services to American Indians with disabilities residing on reservations. The 1996 requested set-aside of 0.5 percent of appropriations for VR State grants is the minimum amount of funding currently required by law.

IMPACT DATA

	1994 ¹	1995 ²	1996 ²
Vocational rehabilitation State grants:			
Eligible individuals in the VR system ³	1,195,300	1,360,000	1,450,000
Severe disabilities	74%	76%	78%
Individuals rehabilitated	203,000	211,000	220,000
Severe disabilities	73%	75%	77%
Total cases closed	417,000	422,000	440,000

¹ Preliminary fiscal year 1994 data.

² Projections for fiscal year 1995 and 1996 are based on actual 1993 data and preliminary 1994 data.

³ Includes individuals being served as well as eligible individuals awaiting service in order of selection States.

	1994	1995	1996
Grants for Indians (\$ in 000s)			
Project funding:			
New project funding	\$ 712	\$ 6,693	\$ 3,133
Continuation funding	5,797	3,563	7,441
Peer review of applications for new awards	6	15	20
Total	6,515	10,271	10,594

REHABILITATION SERVICES AND DISABILITY RESEARCH

Vocational rehabilitation State grants

IMPACT DATA - continued

	1994	1995	1996
Grants for Indians			
<u>Number of projects:</u>			
New	3	21	11
Continuations	<u>20</u>	<u>14</u>	<u>24</u>
Total	23	35	35

REHABILITATION SERVICES AND DISABILITY RESEARCH

Technical Assistance to States

(Rehabilitation Act of 1973, Section 12(a))

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$0	\$1,000	+\$1,000

PURPOSE AND METHOD OF OPERATION

Section 12(a)(1) of the Rehabilitation Act authorizes the Commissioner of the Rehabilitation Services Administration (RSA) to provide technical assistance and consultative services to public and non-profit private agencies and organizations for the purposes of carrying out the Act. Funds would be awarded through a contract to provide technical assistance to State VR agencies in order to improve the operation of the VR program and the provision of services to individuals with disabilities. This would be a current-funded program. No funds were provided for this authority for the past 5 fiscal years.

1996 BUDGET REQUEST

The 1996 budget proposal is \$1 million for Technical Assistance to States. Funds would support technical assistance activities of national scope and the provision of technical assistance to State VR agencies in their efforts to improve the efficiency and effectiveness of VR program. An award would be made to an entity that would coordinate the provision of technical assistance through sub-awards to organizations with expertise in identified problem areas.

There has been a dramatic increase in the need for technical assistance as States implement changes to the program as a result of the Rehabilitation Act Amendments of 1992. In addition, systemic compliance problems have been identified through RSA monitoring. RSA currently provides technical assistance to State agencies primarily through headquarter and regional office staff who are knowledgeable about operation of the State-Federal program and program requirements. However, broader expertise is needed in addressing the challenges faced by State VR agencies in administering the VR program and providing services to individuals with severe disabilities. Funds for technical assistance would enable RSA to effectively utilize the skills of the larger rehabilitation community and other resources in addressing challenging issues identified by RSA and State agencies. These issues include implementing an effective and efficient order of selection for services, working effectively with State Rehabilitation Advisory Councils and Statewide Independent Living Councils, promoting consumer choice in the VR process, developing State agency quality assurance systems, and improving the accuracy and timeliness of statistical reporting. Funds would also be used to support technical assistance in areas of national scope, such as the transition from school to work, streamlined service delivery, and increased access to and more equitable services for individuals with disabilities from minority populations. Routine technical assistance would continue to be provided by RSA staff.

REHABILITATION SERVICES AND DISABILITY RESEARCH

Client assistance State grants

(Rehabilitation Act of 1973, Title I, Section 112)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$9,824	\$10,119	+\$295

PURPOSE AND METHOD OF OPERATION

This program supports, through grants to the States, services to assist clients and client applicants of the Vocational Rehabilitation (VR) State Grant program and other programs, projects, and facilities funded under the Rehabilitation Act of 1973. Services are provided to help clients or client applicants understand the rehabilitation services available under the Act and to advise them of benefits available under the Act and of their rights and responsibilities in connection with those benefits. Assistance may also be provided to help clients or client applicants in their relationships with those providing services under the Act, including assistance and advocacy in pursuing legal and administrative remedies to ensure the protection of their rights. States must operate a Client Assistance program (CAP) in order to receive VR State Grant funds.

This is a current-funded formula grant program. When appropriations exceed \$7.5 million funds are distributed on the basis of population, with a minimum allotment of \$100,000 to each of the 50 States, D.C. and Puerto Rico and \$45,000 to each of the Territories. The fiscal year 1995 and 1996 allotments are based on population as reported by the Census Bureau as of July 1993. New population estimates should be available in 1995, at which time the 1996 allotments will be subject to revision.

The Act requires the Secretary to increase the minimum allotments for States and Territories by the percentage change in the Consumer Price Index For All Urban Consumers (CPIU) in any year in which the total amount appropriated for this program exceeds the amount appropriated in the previous fiscal year by a percentage greater than the most recent change in the CPIU. In addition, States may carry over unobligated Federal funds for an additional year.

Program data show that CAPs have shifted to primarily providing individuals with information and referral (I&R) services, rather than working with individuals to resolve their specific complaints. In fiscal year 1993, the number of individuals receiving I&R services grew to 52,382, while the number of cases filed totalled only 11,266. Fiscal year 1993 CAP data show that most cases (94.4 percent) involved individuals who were clients or client applicants of the VR program. Most cases (92.3 percent) involved the State VR agency, with the largest problem area (56.3 percent) reported as service-related.

REHABILITATION SERVICES AND DISABILITY RESEARCH

Client assistance

Funding levels for the past five fiscal years were as follows:

(\$ in 000s)

1991.....	\$8,310
1992.....	9,141
1993.....	9,296
1994.....	9,547
1995.....	9,824

1996 BUDGET REQUEST

The Department is requesting \$10.1 million for the Client Assistance State grant program in 1996, an increase of \$295,000 or 3 percent, over the 1995 appropriation. The fiscal year 1996 request provides an increase to permit CAPs to maintain their present level of services. The request will provide for an increase in the minimum allotments for States and Territories equal to the most recent percent change in the CPIU (2.6 percent).

IMPACT DATA ¹

	1994	1995	1996
Information inquiries/referrals	52,382	52,382	52,382
Cases	11,274	11,274	11,274
Total	63,656	63,656	63,656

¹ All data is projected from actual 1993 data.

REHABILITATION SERVICES AND DISABILITY RESEARCH

Training

(Rehabilitation Act of 1973, Title III, Section 302 and Title VIII, Section 803)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$39,629	\$39,629	0

PURPOSE AND METHOD OF OPERATION

The purpose of this program is to ensure that skilled personnel are available to serve the rehabilitation needs of individuals with disabilities assisted through the programs of vocational rehabilitation, supported employment, and independent living. The program supports training and related activities designed to increase the numbers of qualified personnel trained in providing rehabilitation services. Grants and contracts are awarded to States and public and nonprofit agencies and organizations, including institutions of higher education, to pay all or part of the cost of conducting training programs.

Awards may be made in any of 31 long-term training fields, in addition to awards for continuing education, in-service training, short-term training, experimental and innovative training, and training interpreters for persons who are deaf and persons who are deaf-blind. Programs vary in terms of content, methodology, and type of trainee. For example, the Long-Term Training program primarily supports academic training grants that must direct 75 percent of the grant to trainee scholarships. The statute requires trainees who receive assistance either to work for a period of time in nonprofit rehabilitation agencies or related agencies, including professional corporations or professional practice groups that have service arrangements with a State agency, or to pay back the assistance they received.

The statute requires that at least 15 percent of the Title III Training program funds be set aside to support the In-Service Training program, one of six programs authorized under Title III. In addition, Title VIII of the Rehabilitation Act authorizes grants for training programs. Title III Training program funds may be used to support activities authorized in Section 803. In any year in which Title III Training program funding exceeds the previous year's appropriation by more than inflation (as determined by the estimated gross domestic product fixed-weight price index), the amount in excess must be used for one or more of the following Title VIII activities: distance learning through telecommunications programs; braille training projects; parent information and training programs; training regarding impartial hearing officers; and projects for the recruitment and retention of urban personnel.

REHABILITATION SERVICES AND DISABILITY RESEARCH

Training

Funding levels for the past five fiscal years were as follows:

(\$ in 000s)

1991.....	\$33,353
1992.....	36,688
1993.....	39,629
1994.....	39,629
1995.....	39,629

1996 BUDGET REQUEST

The Department is requesting \$39.6 million, the same as the 1995 appropriation, for this activity. At this level, the Department would use approximately \$33.9 million to continue 290 training projects that began in previous fiscal years and \$4.9 million for new training projects. Final decisions have not been made on priority funding areas for fiscal year 1996. Therefore, the fiscal year 1996 Impact Data indicate only the amounts required for the continuation of currently funded grants and other programmatic costs.

The Department is developing a database that will track the number of participants under each of the training programs and provide data on the trainees receiving financial assistance. Data on the percentage of trainees that fulfill their obligation through work service will begin to indicate the level of success this program is having in addressing personnel shortages in rehabilitation fields. The Department anticipates that the data will first become available in fiscal year 1995.

IMPACT DATA (\$ in 000s)

	1994	1995	1996
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PROGRAM FUNDING

Title III Training activities:

New funding	\$16,891	\$12,084	(1)
Continuation funding	<u>20,272</u>	<u>24,735</u>	<u>\$33,334</u>
Subtotal	37,163	36,819	(1)
Minority outreach	396	396	396
Peer review of new award applications	100	150	200
Other, training materials	<u>65</u>	<u>215</u>	<u>215</u>
Subtotal, Title III	37,724	37,580	(1)

REHABILITATION SERVICES AND DISABILITY RESEARCH

Training

IMPACT DATA (\$ in 000s) - Continued

	1994	1995	1996
PROGRAM FUNDING - Continued			
Title VIII Training activities:			
New funding	\$475	\$145	(1)
Continuation funding	<u>1,430</u>	<u>1,904</u>	<u>\$544</u>
Subtotal, Title VIII	1,905	2,049	(1)
Total program funding	39,629	39,629	(1)
PROGRAM GRANTS			
Number of Title III grants:			
New grants	179	84	(1)
Continuation grants	<u>180</u>	<u>238</u>	<u>287</u>
Subtotal, Title III	359	322	(1)
Number of Title VIII grants:			
New grants	3	1	(1)
Continuation grants	<u>9</u>	<u>12</u>	<u>3</u>
Subtotal, Title VIII	12	13	(1)
Total	371	335	(1)

¹ Decisions on the allocation of funds for new awards in fiscal year 1996 have not been made.

REHABILITATION SERVICES AND DISABILITY RESEARCH

Special Demonstration programs

(Rehabilitation Act of 1973, Title III, Section 311(a)-(d) and Title VIII, Section 802(g))

1996 Authorization: Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$30,558 ¹	\$23,942	-\$6,616

¹Adjusted for comparability. Includes \$10.6 million for Supported Employment projects authorized under section 311(c).

PURPOSE AND METHOD OF OPERATION

Special Demonstration programs develop innovative methods and comprehensive service programs to help individuals with disabilities achieve satisfactory vocational outcomes. Special Demonstration programs use a variety of approaches to improve vocational outcomes, including supported employment, transitional planning, and increased opportunities for consumer choice, and develop innovative methods of serving unserved and underserved populations. These current-funded programs make discretionary awards on a competitive basis to public and nonprofit community rehabilitation programs, designated State units, and public or private organizations.

Section 311(a) of the Rehabilitation Act authorizes demonstrations to expand or improve the provision of vocational rehabilitation and other rehabilitation services to individuals with disabilities, including individuals who are unserved or underserved by programs under the Rehabilitation Act. Section 311(b) authorizes demonstration projects that prepare youths with disabilities for entry into the workforce through the provision of services such as job training, job search assistance, and job site development. Section 311(d) enables grants for the purpose of developing, expanding, and disseminating model transitional planning services for youths with severe disabilities.

Section 311(c) authorizes supported employment projects, which include statewide systems change, community-based, and technical assistance projects. Supported employment is paid work in a variety of settings, at regular work sites, designed for individuals with the most severe disabilities for whom competitive employment would have been unlikely. Because of the severity of their disabilities, these individuals need intensive ongoing support services in order to perform in a work setting.

The Rehabilitation Act also authorizes demonstration projects under Title VIII. Title III, Section 311 Special Demonstration program funds may be used to support activities authorized in Section 802 in any year, but must be used for these activities in any year in which Section 311 funding exceeds the previous year's appropriation by more than inflation (as determined by the

REHABILITATION SERVICES AND DISABILITY RESEARCH

Special Demonstration programs

estimated gross domestic product fixed-weight price index). The amount in excess must be used for one or more of the following Title VIII activities: demonstration projects to increase client choice (the only Title VIII activity presently being funded); transportation services grants; projects to achieve high quality placements; early intervention demonstration programs; transition demonstration projects; analysis of the barriers to successful rehabilitation outcomes for minorities; studies, special projects, and demonstration projects to study management and service delivery; a national commission on rehabilitation services; model personal assistance services systems; demonstration projects to upgrade worker skills; and model systems regarding severe disabilities.

Funding levels for special demonstration programs for the past five fiscal years were as follows¹:

	(\$ in 000s)
1991	\$28,391
1992	41,526
1993	30,558
1994	30,558
1995	30,558

¹Amounts shown include appropriations for Supported Employment projects, a separate activity prior to fiscal year 1996

1996 BUDGET REQUEST

Beginning in fiscal year 1996, the Special Demonstrations and Supported Employment programs are merged under the Special Demonstration activity. The 1996 request for Special Demonstration programs is \$23.9 million, a decrease of \$6.6 million, or 22 percent, from the programs' combined 1995 appropriations. The Department has proposed this reduction in order to redirect funds to higher priority programs such as Vocational Rehabilitation and Supported Employment State Grants, which provide direct services to individuals with disabilities. The requested amount would be sufficient to support approximately \$17.3 million in continuation awards and approximately \$6.2 million in new awards.

Of the total funds requested for Special Demonstration programs in fiscal year 1996, the Department proposes to use \$9 million for Supported Employment projects authorized under Section 311(c). This entire amount would be used to support continuation projects, including 30 community-based service models and 10 statewide demonstrations. No new community-based projects would be initiated in fiscal year 1996.

Approximately \$8.8 million of fiscal year 1996 funds would be used for 33 other continuation grants, including \$3.6 million for choice demonstration grants authorized under Title VIII, \$2 million for projects that provide services to youths and young adults with serious emotional disturbance or serious mental illness, and \$1.3 million for other projects that demonstrate innovative approaches to the vocational rehabilitation of individuals with disabilities. In the case

REHABILITATION SERVICES AND DISABILITY RESEARCH

Special Demonstration programs

of the latter two competitions, the Department gave preference to projects serving individuals in areas designated as empowerment zones or enterprise communities.

The fiscal year 1996 request would provide approximately \$6.2 million for an estimated 30 new special demonstration projects. In making these new awards the Department would again give competitive preference to projects that propose to serve individuals with disabilities residing in empowerment zones and enterprise communities. In addition, in fiscal year 1996 RSA would contribute \$400,000 of Special Demonstration program funds to a school-to-work cooperative agreement, which is being jointly funded under the Rehabilitation Act of 1973, the Individuals with Disabilities Education Act, and the Carl D. Perkins Vocational and Applied Technical Education Act. The agreement will provide technical assistance to grantees under the School-to-Work Opportunities Act to support the successful transition of youth with disabilities from school to work and other postsecondary settings. Other Special Demonstrations funding priorities for fiscal year 1996 have not yet been determined.

IMPACT DATA (\$ in 000s)

	1994	1995	1996
Total, Special Demonstrations:			
Number of Projects:			
Continuations	36	85	73
New projects	<u>91</u>	<u>28</u>	<u>31</u>
Total	127	113	104
Program funding:			
Continuations	\$21,385	\$24,548	\$17,285
New projects	8,823	5,464	6,185
Peer review of new applications	44	240	232
Minority outreach	<u>306</u>	<u>306</u>	<u>239</u>
Total ¹	30,558	30,558	23,942
Priority Areas:			
Supported Employment projects:			
Number of projects:	58	53	40
Project funding:			
Continuations	\$3,368	\$8,706	\$8,910
New grants	<u>7,098</u>	<u>1,749</u>	<u>0</u>
Total	10,466	10,455	8,910

REHABILITATION SERVICES AND DISABILITY RESEARCH

Special Demonstration programs

IMPACT DATA (\$ in 000s) - Continued

	1994	1995	1996
Other Demonstration projects:			
Number of projects:	69	60	64
Project funding:			
Continuations	\$18,017	\$15,842	\$8,375
New grants	1,725	3,285	5,785
New contracts/ cooperative agreements	<u>0</u>	<u>430</u>	<u>400</u>
Total	19,742	19,557	14,560

¹Due to rounding, numbers may not add to total.

REHABILITATION SERVICES AND DISABILITY RESEARCH

Migratory Workers

(Rehabilitation Act of 1973, Title III, Section 312)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$1,421	\$1,421	0

PURPOSE AND METHOD OF OPERATION

The Migratory Workers program makes comprehensive vocational rehabilitation (VR) services available to migrant or seasonal farm workers with disabilities. Projects also develop innovative methods for reaching and serving this population. Emphasis is given in these projects to outreach, specialized bilingual rehabilitation counseling, and coordination of VR services with services from other sources. Projects provide VR services to migratory workers and to members of their families when such services will contribute to the rehabilitation of the worker with a disability. Discretionary grants are limited to 90 percent of the costs of the projects providing these services. This is a current-funded program.

The Migratory Workers program is administered in coordination with other programs serving migrant agricultural workers and seasonal farm workers, including programs under Title I of the Elementary and Secondary Act of 1965, Section 311 of the Economic Opportunity Act of 1964, the Migrant Health Act, and the Farm Labor Contractor Registration Act of 1963.

Funding levels for the past five fiscal years were as follows:

(\$ in 000s)

1991.....	\$1,060
1992.....	1,060
1993.....	1,171
1994.....	1,171
1995.....	1,421

1996 BUDGET REQUEST

The Department is requesting \$1.4 million, the same as the 1995 appropriation. No change in policy or funding is proposed for this activity for fiscal year 1996.

Preliminary findings from a study on the provision of vocational rehabilitation services to migratory workers and seasonal farm workers (MSFWs) under the VR State Grants program and this program found that States with a Migratory Workers program grant were clearly more aggressive in serving MSFW clients than State agencies that had never received a

REHABILITATION SERVICES AND DISABILITY RESEARCH

Migratory workers

project grant. For example, two States currently with a grant had one or more counselors specifically assigned to work solely with MSFWs; four States that had received grants in the past had counselors who were assigned specific responsibility for serving MSFW clients and other clients; and the four States that had never had a project did not specifically assign this responsibility to any counselor.

Every State with a Migratory Worker grant conducted extensive outreach with the project funds; only one State without a grant devoted any resources to outreach to this population and this State had previously been funded. The report found that State agency personnel believe that many more migratory worker and seasonal farm workers with disabilities could be served if they could be located and encouraged to apply for VR services. Several respondents indicated that the VR program served only 2 or 3 percent of the MSFWs that were potentially eligible for services.

Case studies were undertaken in 12 sites in order to examine the type and extent of direct services, outreach services, and program practices and outcomes. The final report is forthcoming.

IMPACT DATA (\$ in 000s)

	1994	1995	1996
Project funding:			
New Project funding	\$217	\$670	\$520
Continuation funding	942	737	887
Minority outreach	12	14	14
Peer review of applications for new awards	1	1	1
Total funding ¹	1,171	1,421	1,421
Number of projects:			
New Projects	2	4	3
Continuations	7	6	6
Total	9	10	9

¹ Due to rounding, numbers may not add to the total

REHABILITATION SERVICES AND DISABILITY RESEARCH

Recreational programs

(Rehabilitation Act of 1973, Title III, Section 316)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$2,596	\$2,596	0

PURPOSE AND METHOD OF OPERATION

Recreational programs provide individuals with disabilities with recreation and related activities to aid in their employment, mobility, independence, socialization, and community integration. Programs are designed to promote the development of social skills that are necessary in achieving integrated vocational and community placements.

This current-funded program awards discretionary grants on a competitive basis to States, public agencies, and nonprofit private organizations, including institutions of higher education. The statute requires the Federal contribution for projects funded under this authority to decrease over the three-year project period. Grantees are required to maintain services during the second and third years of the project at the level provided in the first year. The Federal share of the costs of the project are 100 percent for the first year, 75 percent for the second year, and 50 percent for the third. The applicant is required to include a description in the application of how the project will continue after Federal assistance ends.

In addition, the Act requires the Department to develop a means to objectively evaluate and encourage the replication of project activities. The Commissioner may not award continuation funding to any grantee until an annual report on the results of its project activities has been submitted and evaluated. The Commissioner annually must issue and disseminate a report describing the findings and results of projects funded under this program.

Funding levels for the past five fiscal years were as follows:

(\$ in 000s)

1991.....	\$2,617
1992.....	2,617
1993.....	2,596
1994.....	2,596
1995.....	2,596

REHABILITATION SERVICES AND DISABILITY RESEARCH

Recreational programs

1996 BUDGET REQUEST

No change in policy or funding is proposed for this activity. The declining size of continuation grant awards, as required by the 1992 Amendments, enables the Department to initiate new recreational programs every fiscal year with no increase in Federal funds.

IMPACT DATA (\$ in 000s)

	1994	1995	1996
New grants:			
Number	5	8	15
Average award	\$109	\$110	\$114
Funding	545	881	1,711
Continuation grants:			
Number	25	30	13
Funding	\$1,953	\$1,689	\$759
Total number of grants	30	38	28
Minority outreach	\$26	\$26	\$26
Peer review of new award applications	72	0	100

¹ The Department received over 165 applications in the competition conducted in FY 1994. This volume required the Department to reduce the number of awards in order to cover the tripled field reader costs. Therefore, in FY 1995 the Department plans to fund eight projects that successfully competed and were approved in FY 1994, rather than hold a new competition which would generate additional peer review costs.

REHABILITATION SERVICES AND DISABILITY RESEARCH

Protection and advocacy of individual rights

(Rehabilitation Act of 1973, Title V, Section 509)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$7,456	\$7,456	0

PURPOSE AND METHOD OF OPERATION

The Protection and Advocacy of Individuals Rights program supports a system in each State to protect the legal and human rights of individuals with disabilities who are ineligible for protection and advocacy programs under Part C of the Developmental Disabilities Assistance and Bill of Rights Act (DDA) or the Protection and Advocacy for the Mentally Ill Individuals Act of 1986, or who need protection and advocacy services that are beyond the scope of Section 112 of the Rehabilitation Act of 1973. States may use these funds to plan for, develop outreach strategies for, and carry out protection and advocacy program for eligible individuals with disabilities.

If the appropriation for this program is equal to or exceeds \$5.5 million, the Secretary must first set aside not less than 1.8 percent and not more than 2.2 percent of the amount appropriated for training and technical assistance to eligible systems established under this program.¹ The Secretary then distributes the remainder to the eligible systems within the States and territories on a population basis after satisfying minimum allocations. The Act establishes a minimum allotment of \$100,000 for States or 1/3 of 1 percent of funds remaining after the training set-aside, whichever is greater. The territories receive a minimum allotment of \$50,000.

The statute requires the Secretary to increase the minimum allotments for States and territories by the percentage change in the Consumer Price Index For All Urban Consumers (CPIU) in any year in which the total amount appropriated for this program exceeds the amount appropriated in the previous fiscal year by a percentage greater than the most recent change in the CPIU. In addition, States may carry over unobligated Federal funds for an additional year.

The fiscal year 1995 and fiscal year 1996 allotments are based on population as reported by the Census Bureau as of July 1993. New population estimates should be available in 1995 at which time the 1996 allotments will be subject to revision.

¹ If the amount of the appropriation is less than \$5.5 million, the Secretary may make competitive grant awards to eligible protection and advocacy systems within States, including the Territories

REHABILITATION SERVICES AND DISABILITY RESEARCH

Protection and advocacy of individual rights

This is a current funded program. Funding levels for the past five fiscal years were as follows:

	(\$ in 000s)
1991.....	\$976
1992.....	1,074
1993.....	2,480
1994.....	5,500
1995.....	7,456

1996 BUDGET REQUEST

The Department requests \$7.5 million, the same as the fiscal year 1995 appropriation, for the Protection and Advocacy of Individual Rights program (PAIR) for fiscal year 1996. No change in policy or funding is proposed for this activity for fiscal year 1996.

The fiscal year 1995 appropriation provided a 35.6 percent increase for the PAIR program over the 1994 appropriation. At this level, funds are allocated to States on the basis of population, as they have been since 1994. Very little information is currently available on the performance of this program. However, later this year, some program data will be available for fiscal year 1994 activities, for which a 122 percent increase over the fiscal year 1993 appropriation was provided. The Department supports the development of effective programs that protect the legal and human rights of individuals with disabilities and believes that information on the impact of the program will assist the Department in determining appropriate funding levels.

The 1995 appropriation provided the 38 minimum allotment States and the 4 territories with an inflationary increase, as required in the statute when the PAIR program funding level exceeds the previous year's appropriation by more than the CPIU. In addition, the fiscal year 1995 appropriation and the 1996 request provide the other 14 States allotments over the minimum amount, which results in an average increase for those States of 130 percent over the fiscal year 1994 level.

IMPACT DATA (\$ in 000s)

	1994	1995	1996
States:			
Number at minimum	52	38	38
Minimum allotment	\$100,000	\$102,800	\$102,800
Number over minimum	0	14	14
Territories:			
Number at minimum	4	4	4
Minimum allotment	\$50,000	\$51,400	\$51,400
Technical Assistance	\$100,000	\$135,000	\$135,000

REHABILITATION SERVICES AND DISABILITY RESEARCH

Projects with Industry

(Rehabilitation Act of 1973, Title VI, Part B)

1996 Authorization: Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$22,071	\$22,071	0

PURPOSE AND METHOD OF OPERATION

Projects with Industry (PWI) is a major Federal vehicle for promoting greater participation of business and industry in the rehabilitation process. PWI projects promote the involvement of American business through Business Advisory Councils which participate in project policymaking and give advice on available jobs and training requirements, thus strengthening the connection between rehabilitation and competitive employment. This current-funded program provides training and experience in realistic work settings to prepare individuals with disabilities for employment in the competitive labor market. Post-employment services are also provided. The PWI program supports the creation and expansion of job and career opportunities for individuals with disabilities, and requires the provision of career advancement services in addition to job placement services. Projects with Industry grants are made to a variety of agencies and organizations, including business and industrial corporations, rehabilitation facilities, labor organizations, trade associations, and foundations. Grants are limited to 80 percent of the costs of projects.

PWI project grantees must report to the Commissioner of the Rehabilitation Services Administration at the end of each project year on the extent to which they are in compliance with published evaluation standards. In order to receive continuation funding, grantees must be in compliance with the provisions of their approved grant application and the evaluation standards. Data for fiscal year 1993 show that grantees scored particularly high on five performance indicators including percent of persons served and placed who are individuals with severe disabilities, and percent of persons served and placed who had been unemployed for at least six months prior to project entry. Grantees experienced the most difficulty meeting the cost per placement indicator. Two projects were terminated in fiscal year 1994 because they failed to achieve the minimum composite score.

Funding levels for the past 5 fiscal years were as follows:

(\$ in 000s)

1991	\$19,445
1992	20,390
1993	21,571
1994	22,071
1995	22,071

REHABILITATION SERVICES AND DISABILITY RESEARCH

Projects with industry

1996 BUDGET REQUEST

The 1996 requested appropriation for Projects with Industry is \$22.1 million, the same as the 1995 appropriation. No change in policy or funding is proposed for this activity for fiscal year 1996. In fiscal year 1996 the Department will continue its support of the Administration's Empowerment Zone initiative under PWI, giving competitive preference to projects that propose to serve individuals residing in federally designated empowerment zones or enterprise communities. The other funding priorities for fiscal year 1996 have not yet been determined.

The Department has begun to develop new regulations for Projects with Industry, to strengthen project collaboration with private industry to improve the job and career opportunities of individuals with disabilities. In its revision of the program regulations, the Department plans to review and improve its methods of evaluating grantees. Recently the Department engaged a private contractor to evaluate the performance indicators used in the PWI program. The results of the study, released in June 1994, will be considered in revising the standards and indicators in the current program regulations. The Department anticipates that these regulations will be in effect for the 1996 competition, when the bulk of program funds--approximately \$18 million--will be available for new awards.

IMPACT DATA (\$ in 000s)

	1994	1995	1996
Continuation Projects . . .	\$21,850	\$20,081	\$3,688
Number	124	112	25
Average Award	\$176	\$179	\$148
New Projects	0	\$1,719	\$18,017
Number	0	8	80
Average Award	0	\$215	\$225
Peer review	0	\$50	\$145
Minority Outreach	\$221	\$221	\$221
Total Funding	\$22,071	\$22,071	\$22,071
Total Projects	124	122	105

REHABILITATION SERVICES AND DISABILITY RESEARCH

Supported employment State grants

(Rehabilitation Act of 1973, Title VI, Part C)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$36,536	\$38,152	+\$1,616

PURPOSE AND METHOD OF OPERATION

The purpose of this program is to assist States to develop collaborative programs with appropriate public and private nonprofit organizations to provide supported employment services for individuals with the most severe disabilities who require supported employment services to enter or retain competitive employment. The Supported Employment program assists individuals with severe disabilities who may have been thought to be too disabled to benefit from vocational rehabilitation (VR) services to achieve vocational outcomes. Supported employment placements are achieved by augmenting short term VR services with ongoing support provided by other public or nonprofit agencies or organizations. VR State agencies provide time-limited services for a period not to exceed eighteen months, unless a longer period to achieve job stabilization has been established in the individualized written rehabilitation program. Once this period has ended, the State agency must arrange for "extended services" provided by other appropriate State agencies, private nonprofit organizations or other sources for the duration of that employment.

To be eligible for this current-funded formula grant program, States must submit a supplement to their Title I Vocational Rehabilitation State Grants program 3-year plan. States may carry over unobligated funds to the next fiscal year. Funds are distributed on the basis of population, except that no State receives less than \$250,000, or one-third of 1 percent of the sums appropriated, whichever is greater. If the sums appropriated for a fiscal year exceed the fiscal year 1992 appropriation by at least \$1 million, the statute requires that the minimum allotment for States be increased to \$300,000, or one-third of 1 percent of the sums appropriated, whichever is greater. The minimum allotment for States was increased to \$300,000 in fiscal year 1993. The minimum allotment for Territories is one-eighth of 1 percent of the sums appropriated. The fiscal year 1995 and 1996 allotments are based on population as reported by the Census Bureau as of July 1993. Fiscal year 1996 allotments will be revised when new population estimates become available.

Funding levels for the past 5 fiscal years were as follows:

(\$ in 000s)

1991	\$29,150
1992	31,065
1993	32,273
1994	34,536
1995	36,536

REHABILITATION SERVICES AND DISABILITY RESEARCH**Supported employment State grants**

1996 BUDGET REQUEST

The Department proposes to fund the Supported Employment (SE) State Grants program at \$38.2 million, an increase of \$1.6 million over the 1995 level. The 4.4 percent increase will assist State VR agencies to meet the increased costs of providing services to individuals with the most severe disabilities. The Department continues to place a priority on services for individuals with severe disabilities and believes that this program offers individuals with the most severe disabilities the opportunity to enter or retain competitive employment.

The number of individuals receiving supported employment services has increased as State VR agencies serve an increasing number of individuals with severe disabilities. The Department anticipates that the number of individuals with supported employment as their employment goal will continue to increase as State VR agencies implement the Rehabilitation Act Amendments of 1992, which strengthened the focus on serving individuals with the most severe disabilities. The 1992 Amendments require that the SE program serve only individuals with the most severe disabilities.

Preliminary data for fiscal year 1994 show that there were an estimated 32,000 individuals during 1994 who received funding for supported employment services through the SE program. In addition to the individuals served through funding under the SE program, an estimated 22,700 individuals who had supported employment as their employment goal were funded solely under the Title I program in 1994. This represents a 24 percent increase over the previous year in the total number of individuals served by State VR agencies (Title I and Title VI, Part C) who had supported employment as their employment goal.

State VR agencies continue to request additional funds to provide supported employment services. In fiscal year 1994, thirty-three State VR agencies requested a total of \$24.2 million during the reallocation period for the supported employment State grants program, 57 percent more than was requested in fiscal year 1993. However, only the Republic of Palau released funds for reallocation in 1994. State VR agencies continue to spend an increasing amount of Title I funds (including State matching funds) on SE services, which are also an authorized Title I activity.

REHABILITATION SERVICES AND DISABILITY RESEARCH

Supported employment State grants

IMPACT DATA (\$ in 000s)

	1994 ¹	1995 ²	1996 ²
Clients served	32,000	34,000	35,500
Cases closed	13,200	13,600	14,200
Rehabilitations	9,200	9,520	9,940
SE outcome	7,550	7,800	8,150
Other outcome ³	1,650	1,720	1,790
Minority outreach	\$345	\$365	\$382

¹ Estimates for FY 1994 are based on actual FY 1993 and preliminary 1994 data from the RSA-636 Annual Supported Employment Caseload Report.

² Projections for fiscal years 1995 and 1996 are based on actual FY 1993 data and 1994 estimated data.

³ Includes individuals who received supported employment services under the SE program and met the rehabilitation criteria for the Basic VR program, but not the special rehabilitation criteria for the SE program.

REHABILITATION SERVICES AND DISABILITY RESEARCH

Independent living

(Rehabilitation Act of 1973, Title VII, Chapter 1, Parts B and C, and Chapter 2)

Independent living State grants : Chapter 1, Part B
Centers for independent living : Chapter 1, Part C
Services for older individuals who are blind : Chapter 2

1996 Authorization: Indefinite

Budget Authority (\$ in 000s):

	<u>1995</u>	<u>1996</u>	<u>Change</u>
Independent living State grants	\$21,859	\$21,859	0
Centers for independent living	40,533	41,749	+1,216
Services for older individuals who are blind	<u>8,952</u>	<u>8,952</u>	<u>0</u>
Total	71,344	72,560	+1,216

PURPOSE AND METHOD OF OPERATION

The purpose of the independent living programs is to maximize the leadership, empowerment, independence, and productivity of individuals with disabilities, and to integrate these individuals into the mainstream of American society. Independent living programs provide financial assistance to States to provide, expand, and improve independent living services; develop and support statewide networks of centers for independent living; and improve working relationships among State independent living rehabilitation programs, centers for independent living, Statewide Independent Living Councils, Rehabilitation Act programs outside of Title VII, and other relevant Federal and non-Federal programs.

The independent living programs are current-funded. However, the Amendments of 1992 added a provision allowing grantees funded through the Independent Living State Grants or Centers program to carry over unobligated funds for an additional fiscal year. The carryover provision applies to the Older Blind program at such time as the formula provisions become effective. States participating in the State Grants and Older Blind programs must provide 10 percent in matching funds from non-Federal sources in the year for which the funds are appropriated. In order to be eligible for financial assistance under the Independent Living State Grants or Centers for Independent Living program, each State is required to establish a Statewide Independent Living Council. The State also must submit a State plan for independent living that is jointly developed and signed by the director of the designated State unit and the chairperson of the Statewide Council.

The Independent Living State Grants program supports formula grants to States. States may use funds received under this part for one or more of the following purposes:

REHABILITATION SERVICES AND DISABILITY RESEARCH

Independent living

-
- (1) to demonstrate ways to expand and improve independent living services;
 - (2) to provide independent living services;
 - (3) to support the operation of centers for independent living;
 - (4) to increase the capacity of public or nonprofit agencies and organizations and other entities to develop comprehensive approaches or systems for providing independent living services;
 - (5) to conduct studies and analyses, gather information, develop model policies and procedures, and present information, approaches, strategies, findings, conclusions, and recommendations to Federal, State, and local policy makers;
 - (6) to provide training on the independent living philosophy; and
 - (7) to provide outreach to populations that are unserved or underserved by programs under this title, including minority groups and urban and rural populations.

The State may also use these funds to provide funding or other resources to support the operation of the Statewide Independent Living Council. Services are provided to individuals with severe disabilities in accordance with an independent living plan mutually agreed upon by the service provider and the individual, unless the individual signs a waiver stating that such a plan is unnecessary. Funds are allotted to the States according to population, except that territories receive 1/8 of 1 percent of the amounts available, and no State may receive less than it received in 1992. The Act also establishes a minimum allotment to States of \$275,000. In any year in which the total amount appropriated exceeds the total amount appropriated for the preceding fiscal year by a percentage greater than the most recent change in the Consumer Price Index for All Urban Consumers (CPIU), an adjustment to the minimum amount for States is made equivalent to the percentage change in the CPIU. If funds are not sufficient to reach the minimum level, the minimum allotments are proportionally reduced. The fiscal year 1995 allotments are based on population as of July 1993 reported by the Census Bureau. Fiscal year 1996 allotments will be revised when new population estimates become available.

The Centers for Independent Living program provides grants for consumer-controlled, community-based, cross-disability, nonresidential private nonprofit agencies that are designed and operated within a local community by individuals with disabilities and provide an array of independent living services. At minimum, centers are required to provide the core services of information and referral, independent living skills training, peer counseling, and individual and systems advocacy. Between 1.8 and 2 percent of the funds appropriated for this program must be used for grants or contracts to provide training and technical assistance with respect to planning, developing, conducting, administering, and evaluating centers for independent living. The 1992 Amendments established a set of standards and assurances that centers for independent living must meet; and required the Department to develop and publish indicators of minimum compliance with the standards. The Department must also conduct compliance reviews of at least 15 percent of the centers and one-third of the designated State units funded under this part on an annual basis.

A population-based formula determines the total amount that is available for discretionary grants to centers in each State. In addition, no State may receive less than the total amount received in fiscal year 1992 and each State is provided a minimum allotment of \$450,000 or as

REHABILITATION SERVICES AND DISABILITY RESEARCH

Independent living

close to this amount as funds allow. In any year in which the total amount appropriated exceeds the total amount appropriated for the preceding fiscal year by a percentage greater than the most recent change in the CPIU, an adjustment to the minimum amount for States is made equivalent to the percentage change in the CPIU. The Secretary must continue to provide assistance and give cost of living increases to any independent living center that received funding in fiscal year 1993 if that agency meets the standards and assurances specified in the Act. Funds that remain are awarded for new centers proposing to serve unserved or underserved areas. In fiscal years 1994 and beyond, if State funding for the operation of centers for independent living exceeds the level of Federal funds for this program in a preceding fiscal year, a State designated unit may apply for authority to award grants under this program. Otherwise, the Department makes the awards. Grants to centers funded in 1994 and subsequent years are discretionary in nature and are not guaranteed cost of living increases.

The Independent Living Services for Older Individuals Who Are Blind program supports services to assist individuals aged 55 or older whose severe visual impairment makes competitive employment extremely difficult to obtain, but for whom independent living goals are feasible. Funds under this program are used to provide independent living services, conduct activities that will improve or expand services for these individuals, and conduct activities to improve public understanding of the problems of these individuals. Services are designed to help persons served under this program to adjust to their blindness by increasing their ability to care for their individual needs.

Grantees are State vocational rehabilitation agencies for persons who are blind and visually impaired or State general vocational rehabilitation agencies if there is no separate agency for persons who are blind. When the appropriation is less than \$13 million, grants are to be awarded on a competitive basis. If the amount appropriated exceeds \$13 million, awards are made to States according to a formula based on the population of individuals who are 55 years of age or older. States are required to contribute no less than \$1 for each \$9 of Federal funds provided through this program. This requirement applies whether the awards are made competitively or through a formula.

Funding levels for the past five fiscal years were as follows:

(\$ in 000s)

State Grants

1991	\$13,619
1992	14,200
1993	15,376
1994	18,003
1995	21,859

REHABILITATION SERVICES AND DISABILITY RESEARCH

Independent living

(\$ in 000s)

Centers

1991	\$27,579
1992	29,000
1993	31,446
1994	36,818
1995	40,533

Services for Older Individuals Who Are Blind

1991	5,914
1992	6,505
1993	6,944
1994	8,131
1995	8,952

1996 BUDGET REQUEST

The Department requests \$72.6 million for independent living activities for fiscal year 1996. This level would provide \$21.9 million for the Independent Living Services State Grants program, level with the fiscal year 1995 appropriation. The Centers for Independent Living program would receive \$41.8 million, an increase of \$1.2 million or 3 percent. Independent Living Services for Older Individuals Who Are Blind would receive \$9 million, the same as the 1995 appropriation.

The amount requested for the State Grants program, \$21.9 million, would continue the Department's support of 79 agencies that provide services for independent living. In fiscal year 1993, these agencies served approximately 19,681 people. Among the persons participating in the program that year were individuals with visual impairments (32%), individuals with orthopedic impairments (23%), individuals with neurological disorders (15%), and individuals with hearing impairments (9%). The most frequently used services were counseling (provided to 19% of participants), advocacy and referral (20%), housing assistance (12%), physical and mental restoration (17%), independent living skills training (33%), telecommunications (12%), and reader and other services to blind individuals (18%).

The Department requests an increase of \$1.2 million for the Centers for Independent Living program for 1996. These additional resources would be used to increase the amount of funds allocated to the larger States and to support centers in previously unserved or underserved areas. At the proposed level, the minimum allotment to States would increase to \$462,600. Seventeen States would benefit from this minimum increase. In addition, 15 States would receive increases based on population. These increases to states would support an

REHABILITATION SERVICES AND DISABILITY RESEARCH

Independent living

estimated 9 new centers, and would also allow some existing centers to receive cost of living increases. The proposed increase is consistent with the Department's emphasis on programs that provide direct services to expand opportunities for individuals with disabilities to become independent, contributing members of society.

In fiscal year 1993, it is estimated that 60,000 individuals received direct services through the Centers for Independent Living program. Among the services provided were: independent living skills training (20,000 individuals), peer counseling (24,000), children and youth services (22,559), communication services (20,355), self and individual advocacy (20,429), transportation (16,000), personal assistance services (13,122), and housing services (11,189). Information and referral, the most frequently used service, was provided to approximately 87,824 persons. Participation data were extrapolated from centers that reported using the new annual report format (over half of all Centers). Fiscal year 1993 was the first time that Centers were given the option of reporting on the draft compliance indicators. Once these indicators become mandatory (anticipated to be in 1995), information on individual Centers' performance will be more comprehensive and comparable, making it easier to assess overall program performance.

The Independent Living Services for Older Individuals Who are Blind program is maintained at the 1995 appropriation level. In 1995, the Department will make 10 new awards and support 45 continuations under this program. The Department's 1996 request would provide sufficient funds to continue these 55 projects. In fiscal year 1993, projects funded under this program provided one or more core services to approximately 12,000 individuals. Approximately 60 percent of the clients served were age 76 or older. It is estimated that over half of the individuals served by this program have a secondary disability in addition to visual impairment.

The Department recently completed a major revision of the general Title VII regulations, which implement the 1992 and 1993 Amendments. These regulations were published in the *Federal Register* on August 15, 1994. The Department is also drafting final indicators of compliance with the Centers for Independent Living evaluation standards, designed to measure grantees' attainment of program objectives. These regulations would implement the 1992 Amendments to Title VII, which incorporated performance standards into the Act. The standards and indicators evaluate performance in these areas: philosophy, including consumer control and equal access; provision of services on a cross-disability basis; support of the development and achievement of the independent living goals chosen by consumers; advocacy to increase the quality of community options for independent living; provision of independent living core services; resource development; and community capacity-building activities, such as community advocacy, technical assistance, and outreach. The Department expects that the indicators will take effect in fiscal year 1995, and will first be used to make fiscal year 1996 continuation awards.

REHABILITATION SERVICES AND DISABILITY RESEARCH

Independent living

IMPACT DATA (\$ in 000s)

	1994	1995	1996
Independent living State grants:			
Number of grantees ¹	79	79	79
Minimum State award	\$284	\$292	\$292
Average State award ²	341	362	362
Minority outreach	180	219	219
Centers for independent living:			
Number of grantees	192	225	234
Number of centers	238	271	280
Minimum State award	\$413	\$450	\$463
States over the minimum allotment:			
Number of States	35	35	35
Smallest award	\$431	\$476	\$476
Largest award	2,529	3,157	3,346
Average State award	807	892	920
Minority outreach	368	405	418
Training and Technical Assistance (2%)	729	803	827
Peer review of new applications	33	56	32
Services for Older Blind Individuals:			
Continuation awards	3	45	54
New awards	45	10	0
Minority outreach	\$81	\$90	\$90
Peer review of new applications	24	8	0

¹In total, 83 State agencies are eligible to participate in this program, including those in the Outlying Areas and both general and blind State vocational rehabilitation agencies.

²The figures shown represent the average per State award, including both general and blind agency awards in States where two agencies exist, and excludes awards to the Outlying Areas.

REHABILITATION SERVICES AND DISABILITY RESEARCH

Evaluation

(Rehabilitation Act of 1973, Section 14)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$1,587	\$1,587	0

PURPOSE AND METHOD OF OPERATION

Funds are used for studies to evaluate the impact and effectiveness of programs authorized by the Rehabilitation Act of 1973, including their general effectiveness in relation to their cost, their impact on related programs, and their structure and mechanisms for delivery of services. Studies are designed to provide information for policy decisions related to program management and effectiveness.

This is a current-funded program. Contracts and cooperative agreements are awarded on an annual basis for studies to be conducted by persons not immediately involved in the administration of the programs authorized by the Act. Some evaluations require multi-year awards.

The Rehabilitation Act Amendments of 1992 mandate that the Secretary conduct a longitudinal study of the vocational rehabilitation program to assess the linkages between vocational rehabilitation services and economic and non-economic outcomes. In fiscal year 1992, a contract was awarded to Research Triangle Institute to carry out this multi-year study.

Funding levels for the past 5 fiscal years were as follows:

(\$ in 000s)

1991	\$976
1992	1,025
1993	1,810
1994	1,600
1995	1,587

1996 BUDGET REQUEST

The 1996 budget proposal is \$1.6 million for the Evaluation program, the same as the 1995 appropriation. No change in policy or funding is proposed for this activity for fiscal year 1996. This level of funding would enable the Department to continue the multi-year longitudinal study of the VR program, for which data collection was initiated in fiscal year 1994, and the sub-study of the Supported Employment program which the Department

REHABILITATION SERVICES AND DISABILITY RESEARCH

Evaluation

plans to initiate in 1995. The requested level would also provide support for the testing and refinement of the VR program standards and indicators mandated by the Rehabilitation Act Amendments of 1992 and analysis of VR-related data from the 1994-1995 National Health Interview Survey Disability Supplement being conducted by National Center for Health Statistics.

IMPACT DATA

	1994	1995	1996
Number of evaluation activities:			
New	1 ¹	1	2
Continuations	1	1	1
Total	2	2	3

¹ \$400,000 was transferred to the National Center for Health Statistics to support Phase II of the National Disability Survey. This supplement to the National Health Interview Survey will provide valuable information for Vocational Rehabilitation program policy analysis.

REHABILITATION SERVICES AND DISABILITY RESEARCH

Helen Keller National Center

(Helen Keller National Center Act, Sections 202-207)

1996 Authorization: Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$6,936	\$7,144	+\$208

PURPOSE AND METHOD OF OPERATION

The Helen Keller National Center for Deaf-Blind Youths and Adults (HKNC) was created by Congress in 1969, and operates under the auspices of Helen Keller Services for the Blind, Inc. The Center provides services on a national basis to individuals who are deaf-blind, their families, and service providers through three component services. There is a national headquarters center with a residential training and rehabilitation facility where deaf-blind individuals receive intensive specialized services; a network of 10 regional field offices which provide referral and counseling assistance to deaf-blind individuals; and an incentive grant program for public and private agencies that serve individuals with deaf-blindness. The purpose of this program is to enhance opportunities for persons with deaf-blindness to live as independently as possible in their home communities. Each individual's need for support services is assessed and assistance is provided or arranged as necessary to help them become successful. The objectives of the program are to provide clients with meaningful contact with the environment, effective means of communication, constructive participation in the home and community, initial or enhanced employability, and other development pertinent to their rehabilitation. The Helen Keller National Center is current-funded on a noncompetitive basis.

HKNC offers training and consultation to other programs through a national training team. Training is provided on-site nationwide on a request basis, with the requesting agency covering the travel costs for the team. In addition, nine one-week seminars at HKNC headquarters are conducted during the year. Participants in these seminars are nominated and sponsored by their own agencies. Training topics include communication methods, mobility, counseling, home management, vocational training, job placement, and services available in the field. HKNC also maintains a registry of youths and adults with deaf-blindness and encourages and assists public and private agencies to develop services for individuals who are deaf-blind in their local communities.

The Center employs representatives in each of the 10 Federal regions. These representatives provide a variety of services, including staff training, technical assistance, and specific planning of direct services for deaf-blind clients in conjunction with State vocational rehabilitation counselors, mental health workers, and special education programs. These staff also provide counseling, information, and referral for individuals who are deaf-blind and their parents. Through its affiliate program HKNC provides seed money to State and private nonprofit

REHABILITATION SERVICES AND DISABILITY RESEARCH

Helen Keller National Center

agencies as an incentive for these agencies to create programs for individuals who are deaf-blind. Agencies and organizations that participate in the affiliate program receive funds on a gradually declining basis over a five-year period. After this period, these programs are eligible to maintain an association with the Center and receive ongoing technical assistance or training. However, they receive 100 percent of their operating funds through their own agencies.

HKNC operates a number of special projects related to deaf-blindness. These include a service project for elderly deaf-blind persons and a national parent and family services project. The Center also operates an international internship program for professionals in the field of deaf-blindness. Participants are professionals, are financially supported by their sponsoring agencies during their stay, and are expected to initiate and complete at least one project while at HKNC.

Funding levels for the past five fiscal years were as follows:

	(\$ in 000s)
1991	\$5,367
1992	5,867
1993	6,564
1994	6,741
1995	6,936

1996 BUDGET REQUEST

The Department proposes to fund the Helen Keller National Center at \$7.1 million, \$208,000 more than the 1995 appropriation. This 3 percent increase will enable the Center to keep pace with increased costs associated with providing training and rehabilitation services to individuals who are deaf-blind at its residential center, training professionals and allied personnel, and conducting applied research and demonstration programs to enable individuals who are deaf-blind to become independent through supported employment and independent living arrangements in the community.

At the proposed level, the Center would serve approximately 80 persons with deaf-blindness at its headquarters facility and provide field services to approximately 1,600 persons. The Center also uses affiliate program funds to provide seed money to State and private agencies to establish or expand programs for individuals who are deaf-blind. A total of 11 affiliate projects would receive funding for part of their start-up costs during 1996.

For 1996, the HKNC requested a 5 percent increase above the fiscal year 1995 appropriation. This \$347,000 requested increase included \$240,000 for cost of living increases, \$85,000 to "adequately" staff and purchase computer and telecommunication equipment to modernize the National Register for individuals who are deaf-blind, and \$22,000 to support an additional affiliate project. All of the additional funds requested by the Department would be used to cover

REHABILITATION SERVICES AND DISABILITY RESEARCH

Helen Keller National Center

the effect of inflation, including cost of living increases. HKNC requested funds in its fiscal year 1995 budget request to establish a national register for individuals who are deaf-blind. The Department did not include funds for that purpose in its 1995 budget request; however, HKNC has taken steps to establish a register. The Department has again declined the Center's request for funds for a national register, based on its belief that the limited funds available should be used to support the programs that provide direct services to individuals who are deaf-blind. With regard to increased funding for a new affiliate project, the Department believes that funding for new projects should be generated from funds freed up as current affiliate projects are phased down.

In 1996 the Center's activities will focus on increasing the vocational and communication skills of deaf-blind individuals with the objective of training these individuals for vocational placements in community settings. To enhance the services provided to deaf-blind individuals and better achieve the goal of vocational placements, the National Center intends to focus additional efforts on job development and placement. The Center also plans to increase coordination of the activities of the regional offices and affiliates with the Center's programs.

IMPACT DATA

	1994	1995	1996
Numbers served:			
Headquarters	70	70	80
Regional representatives	1,816	2,000	2,600
Affiliate Network ¹ :			
Number of HKNC funded affiliates	11	11	11
Total number of affiliates	37	40	40
Persons served	3,300	3,400	3,400

¹Agencies in the affiliate network receive starter funds from Helen Keller and ongoing technical assistance. However, persons served by the affiliates do not receive direct services from HKNC.

REHABILITATION SERVICES AND DISABILITY RESEARCH

National Institute on Disability and Rehabilitation Research

(Rehabilitation Act of 1973, Title II)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$70,000	\$70,000	0

PURPOSE AND METHOD OF OPERATION

The activities of the National Institute on Disability and Rehabilitation Research (NIDRR) are intended to maximize the full inclusion and integration into society and employment of individuals of all ages with disabilities and to improve their economic and social self-sufficiency, with particular emphasis on improving the effectiveness of services authorized under the Rehabilitation Act. NIDRR's specific objectives are to: (1) promote the transfer of rehabilitation technology to individuals with disabilities through research and demonstration projects; (2) ensure the widespread distribution in usable formats of practical scientific and technology information generated by its activities on state-of-the-art practices, improvements in the services authorized under the Rehabilitation Act, rehabilitation technology, and new knowledge regarding disabilities; (3) identify effective strategies to enhance the opportunities of individuals with disabilities to engage in productive work; and (4) increase opportunities for researchers who are members of traditionally underserved populations, including minorities and persons with disabilities.

To meet these objectives, NIDRR supports rehabilitation research, demonstration projects, and related activities, including the training of persons who provide rehabilitation services or who conduct rehabilitation research. In addition, NIDRR supports projects to disseminate and promote the use of information concerning developments in rehabilitation procedures, methods, and devices. Information is provided to rehabilitation professionals, persons with disabilities, and their representatives. NIDRR also supports data analyses on demographics of disability and provides that information to policymakers, administrators, and other relevant groups. Awards are competitive, with applications reviewed by panels of experts, including rehabilitation professionals, rehabilitation researchers, and persons with disabilities.

NIDRR supports the following programs:

- o Rehabilitation Research and Training Centers (RRTC) -- Each RRTC has a major program of research in a particular area, such as mental illness, vocational rehabilitation, and independent living. The RRTCs are operated in collaboration with institutions of higher education or providers of rehabilitation services or other appropriate services. The RRTCs provide a long-term coordinated approach to research and training in priority areas. The RRTCs must serve as centers of national excellence and national or regional resources for providers and individuals with disabilities and their representatives. RRTC awards are for five years, except that grants to new recipients or to support new or innovative research may be made for less than five years.

REHABILITATION SERVICES AND DISABILITY RESEARCH

National Institute on Disability and Rehabilitation Research

o Rehabilitation Engineering Research Centers (RERC) -- The RERCs support programs designed to conduct research, demonstration, and training activities. RERCs focus on issues dealing with rehabilitation technology, including rehabilitation engineering and assistive technology devices and services. Types of activities supported by the RERCs include the development of technological systems for persons with disabilities, stimulation of the production and distribution of equipment in the private sector, and clinical evaluations of equipment. RERCs must be operated by or in collaboration with institutions of higher education or nonprofit organizations; awards are for five years, except that grants to new recipients or to support new or innovative research may be made for less than five years.

o Research and Demonstration Projects -- These projects support short-term research relating to the development of methods, procedures, and devices to assist in the provision of rehabilitation services, particularly to persons with severe disabilities.

o Small Business Innovative Research -- These projects support the development of ideas and products that are useful to persons with disabilities. The program takes an idea from development to market readiness.

o Utilization and Dissemination Projects -- These projects support information utilization and dissemination, including state-of-the-art assessments and diffusion centers, to ensure that knowledge generated from research is available and can be fully used to improve services, opportunities, and conditions for persons with disabilities. Projects that provide technical assistance and training to State and local governments and private businesses regarding the Americans with Disabilities Act and facilitate implementation of the ADA without litigation or hardship are also included under this activity.

o Field-Initiated Research -- This program supports research and demonstration projects that address important activities that were not included in NIDRR's announced priorities, thereby allowing NIDRR to expand the scope of its research activities as needed.

o Mary E. Switzer Fellowships -- This program supports one-year fellowships to highly-qualified individuals to carry out discrete research activities that are related to NIDRR's research priorities or to pursue studies in areas of importance to the rehabilitation community.

o Research Training Grants -- This program supports grants to institutions providing advanced training to physicians, nurses, engineers, physical therapists, and other rehabilitation personnel.

o Model Spinal Cord Injury Centers -- This program supports model projects to demonstrate innovative and effective approaches to the delivery and evaluation of comprehensive medical, psychological, vocational, and other rehabilitation services to meet the wide range of needs of individuals with spinal injuries.

REHABILITATION SERVICES AND DISABILITY RESEARCH

National Institute on Disability and Rehabilitation Research

Funding levels for the past 5 fiscal years were as follows:

	(\$ in 000s)
1991.....	\$58,924
1992.....	61,000
1993.....	67,238
1994.....	68,146
1995.....	70,000

1996 BUDGET REQUEST

The Department proposes to fund NIDRR at \$70 million, the same as the 1995 appropriation level. The request would enable NIDRR to support all continuing projects as well as initiate new projects. Of the funds requested, about 77.1 percent would be used for continuations, including continuation of 44 Rehabilitation Research and Training Centers (RRTCs) and 15 Rehabilitation Engineering Research Centers (RERCs). About 21.4 percent would be used for new awards, including 5 new RRTCs and 2 new RERCs. Approximately 1.5 percent of the funds requested would be used for peer review of new award applications and activities such as meetings, printing, planning, and evaluation.

At the requested level, NIDRR estimates that RRTCs would be funded at an average award of \$509,000, with the 44 continuing RRTCs funded at an average award of \$507,000 and the 5 new RRTCs funded at about \$530,000. Two of the new RRTCs would focus on vocational rehabilitation issues, one in the area of deafness and the other on blindness. Funding for the current RRTCs focusing on persons who are deaf or hard of hearing and on persons who are blind or visually impaired will expire in 1995. Priorities for these RRTCs would be developed in conjunction with the Rehabilitation Services Administration (RSA). In addition, NIDRR is considering supporting an RRTC that would focus on issues regarding women with disabilities and an RRTC that would focus on expanding knowledge about the relationship among factors such as poverty, race, and geography and disability.

The request would provide funds for 17 RERCs at an average award of about \$668,500, with an average award of \$691,000 for the 15 continuing RERCs and \$500,000 for the 2 new RERCs. NIDRR plans to re compete the RERC dealing with assistive technology for persons aging with disabilities. The proposed priority is expected to deal with developing, testing, and disseminating technological solutions to the special needs of older persons that arise from the functional limitations resulting from aging. In addition, NIDRR is considering a new RERC dealing with universal design issues, whereby the environment and the products we use would be designed and built to specifications that would permit all persons, with or without disability, to use and benefit from the built environment.

Under the Utilization and Dissemination program, the request would enable NIDRR to continue support for activities targeted on implementation of the Americans with Disabilities Act (ADA). In 1996, NIDRR expects to announce new priorities for the 10 regional centers that provide technical assistance to those with rights and responsibilities under the Americans with Disabilities Act (ADA). These Centers, which were initiated soon after the ADA had been enacted, have been very successful in providing technical assistance and training, distributing information, answering technical questions, making referrals, and

REHABILITATION SERVICES AND DISABILITY RESEARCH

National Institute on Disability and Rehabilitation Research

providing on-site consultations to businesses, State and local governments, persons with disabilities, and other covered entities. For 1996, NIDRR is considering expanding the responsibilities of these regional centers to include the development of local ADA networks, the involvement of centers for independent living, increased outreach to minority communities, and a specific focus on technical assistance to employers and providers of public accommodations.

In addition, NIDRR is currently considering a research and demonstration project that would focus on the development of materials relating to AIDS prevention for high-risk disabled populations. NIDRR would also fund, as it has during the past several years, 10 outreach projects to minority colleges and universities to help strengthen their rehabilitation research capacity.

IMPACT DATA (\$ in 000s)

	1994	1995	1996
Funding Levels:			
Rehabilitation Research and Training Centers:			
Continuations	\$21,044	\$22,725	\$22,300
New awards	<u>4,800</u>	<u>1,700</u>	<u>2,650</u>
Total	25,844	24,425	24,950
Rehabilitation Engineering Research Centers:			
Continuations	10,537	9,220	10,365
New awards	<u>515</u>	<u>1,600</u>	<u>1,000</u>
Total	11,052	10,820	11,365
Research and Demonstrations:			
Continuations	3,365	3,570	3,575
New awards	<u>1,161</u>	<u>500</u>	<u>0</u>
Total	4,526	4,070	3,575
Small Business Innovative Research			
	1,386	1,594	1,594
Field-Initiated Research:			
Continuations	4,669	4,900	4,500
New awards	<u>2,398</u>	<u>2,100</u>	<u>2,125</u>
Total	7,067	7,000	6,625
Mary E. Switzer Fellowships:			
New Awards	310	300	400

REHABILITATION SERVICES AND DISABILITY RESEARCH

National Institute on Disability and Rehabilitation Research

IMPACT DATA (\$ in 000s) - Continued

	1994	1995	1996
<u>Funding Levels (continued):</u>			
Dissemination and Utilization:			
Continuations	\$7,312	\$8,170	\$4,210
New awards	<u>2,175</u>	<u>2,065</u>	<u>6,555</u>
Total	9,487	10,235	10,765
Research Training Grants:			
Continuations	1,273	2,173	2,000
New awards	<u>600</u>	<u>450</u>	<u>0</u>
Total	1,873	2,623	2,000
Spinal Cord Injury Centers:			
Continuations	5,000	0	7,000
New awards	<u>0</u>	<u>7,000</u>	<u>0</u>
Total	5,000	7,000	7,000
Outreach to Minority Colleges/Universities	681	700	700
Peer review of applications for new awards	333	370	330
Other	<u>587</u>	<u>863</u>	<u>696</u>
Total Funding	68,146	70,000	70,000
<u>Number of Awards:</u>			
Rehabilitation Research and Training Centers:			
Continuations	38	43	44
New awards	<u>10</u>	<u>4</u>	<u>5</u>
Total	48	47	49
Rehabilitation Engineering Research Centers:			
Continuations	15	13	15
New awards	<u>1</u>	<u>3</u>	<u>2</u>
Total	16	16	17

REHABILITATION SERVICES AND DISABILITY RESEARCH

National Institute on Disability and Rehabilitation Research

IMPACT DATA (\$ in 000s) - Continued

	1994	1995	1996
<u>Number of Awards (continued):</u>			
Research and Demon-			
strations:	16	16	16
Continuations	<u>11</u>	<u>3</u>	<u>0</u>
New awards	27	19	16
Total			
Field-Initiated Research:			
Continuations	37	39	32
New awards	<u>19</u>	<u>14</u>	<u>14</u>
Total	56	53	46
Mary E. Switzer Fellowships:			
New awards	9	10	10
Dissemination and			
Utilization:			
Continuations	16	19	13
New awards	<u>12</u>	<u>6</u>	<u>14</u>
Total	28	25	27
Research Training Grants:			
Continuations	8	12	12
New awards	<u>4</u>	<u>3</u>	<u>0</u>
Total	12	15	12
Spinal Cord Injury Centers:			
Continuations	13	0	18
New awards	<u>0</u>	<u>18</u>	<u>0</u>
Total	13	18	18
Outreach to Minority			
Colleges/Universities			
New awards	<u>10</u>	<u>10</u>	<u>10</u>
Total Awards	219	213	205

REHABILITATION SERVICES AND DISABILITY RESEARCH

Assistive Technology

(Technology-Related Assistance for Individuals with Disabilities Act of 1988, Title I)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$39,249	\$40,426	+\$1,177

PURPOSE AND METHOD OF OPERATION

On March 9, 1994, the Technology-Related Assistance for Individuals with Disabilities Act Amendments of 1994 was signed into law. The Technology-Related Assistance for Individuals with Disabilities Act of 1988, as amended, (the Act) is administered by the National Institute on Disability and Rehabilitation Research.

The overall purpose of the Act is to improve the access of individuals with disabilities to assistive technology services and devices - products and equipment and related services that are used by individuals with disabilities to increase, maintain, or improve their functional capabilities. Devices include such items as communication devices, adapted appliances for accessible living, environmental control devices, modified housing, adapted computers, and specialized software. This program is premised on the assumption that States can significantly enhance the access of individuals with disabilities to assistive technology by changing their service delivery systems for individuals with disabilities. Funds provided under the Act support grants to States to assist them to develop and implement a consumer-responsive comprehensive Statewide program of technology-related assistance for individuals with disabilities of all ages.

States are required to undertake the following activities in developing their programs:

- o the development, implementation, and monitoring of laws, regulations, policies, practices, and procedures that will improve access to, provision of, funding for, and timely acquisition of assistive technology devices and services;
- o the development and implementation of strategies to overcome barriers regarding access to, provision of, and funding for, such devices and services-- with priority for identification of barriers to funding through State education services, special education services, vocational rehabilitation services, and medical assistance services and barriers for underrepresented populations and rural populations;
- o coordination of activities among State agencies, in order to facilitate access to, provision of, and funding for, assistive technology devices and services;

REHABILITATION SERVICES AND DISABILITY RESEARCH

Assistive Technology

- o the development and implementation of strategies to empower individuals with disabilities to successfully advocate for increased access to, funding for, and provision of, assistive technology devices and services;
- o the provision of outreach to underrepresented populations and rural populations, including identifying and assessing the needs to increase the accessibility of services to such populations; and
- o the development and implementation of strategies to ensure timely acquisition and delivery of assistive technology devices and services, particularly for children.

States are funded for a maximum period of ten years. States are eligible for (1) a three-year development grant; (2) a two-year initial extension grant, based upon the demonstration of systems change and advocacy activities that resulted in significant progress in the development and implementation of their assistive technology program; and (3) a five-year second extension grant, based upon the demonstration of significant progress, a description of how the State will permanently continue its assistive technology program, and the State's identification of future funding options. Federal funding is reduced in the State's ninth and tenth years.

The Act requires that 2 percent, or \$1,500,000, whichever is greater, be set aside for the purpose of providing information and technical assistance to States, individuals with disabilities, and other persons. The Act also authorizes funding for the conduct of required site visits.

This is a current-funded program. Funding levels for the past 5 years were as follows:

(\$ in 000s)

1991.....	\$20,982
1992.....	28,000
1993.....	34,068
1994.....	37,744
1995.....	39,249

1996 BUDGET REQUEST

For fiscal year 1996, \$40.4 million is requested for Title I of the Technology-Related Assistance for Individuals with Disabilities Act, an increase of \$1.2 million, or 3 percent, over the fiscal year 1995 appropriation. The fiscal year 1996 request provides an increase that will permit State assistive technology programs to maintain their current level of activities in developing and implementing their consumer-responsive comprehensive statewide program of technology-related assistance for individuals with disabilities of all ages.

REHABILITATION SERVICES AND DISABILITY RESEARCH

Assistive Technology

The Act requires States to achieve annually significant progress in their assistive technology programs and requires the Department to develop guidelines for use in determining whether a State is making significant progress. The Department must conduct site visits, report the findings of the visits, and determine whether States should continue to receive funding with or without changes in their activities to develop and implement a statewide program of assistive technology. The Department is currently developing these guidelines and the implementing program regulations.

In fiscal year 1994, the final State and two Territories were provided development grants, and the Department plans to fund the last two remaining eligible Territories in fiscal year 1995. In 1994, the Department conducted site visits to the eight States applying for their initial extension grants and found all States to have demonstrated progress in the development and implementation of their assistive technology programs. One State had established a separate operating council that monitors State legislative policy and actively works to remove existing barriers. Another State proved to be making progress with its State education agency toward providing for the appropriate inclusion of assistive technology services in individualized education programs for children with disabilities. The Department will conduct 11 site visits in fiscal year 1995.

Of the funds requested, \$1.5 million is required to be used for technical assistance activities and about \$110,000 is needed for 10 mandatory site visits. The remaining \$38.6 million, or 96 percent, would be used for 57 State and Territory assistive technology programs, including 5 development grants, 21 initial extension grants, and 31 second extension grants.

IMPACT DATA (\$ in 000s)

	1994	1995	1996
<u>Development grant</u>			
<i>First Year:</i>			
Number of States	1	—	—
State Funding	\$510	—	—
Number of Territories	2	2	0
<i>2nd-year:</i>			
Number of States	9	1	—
Average State funding	\$540	\$510	—
Number of Territories	1	2	2
<i>3rd-year:</i>			
Number of States	11	9	1
Average State funding	\$605	\$550	\$525
Number of Territories	0	1	2

REHABILITATION SERVICES AND DISABILITY RESEARCH

Assistive Technology

IMPACT DATA (\$ in 000s) - Continued

	1994	1995	1996
<u>Initial Extension grant</u>			
<u>4th-year:</u>			
Number of States	8	11	9
Average State funding	\$680	\$670	\$567
Number of Territories	0	0	1
<u>5th-year:</u>			
Number of States	14	8	11
Average State Funding	\$740	\$690	\$690
<u>Second Extension grant</u>			
<u>6th-year:</u>			
Number of States	9	14	8
Average State funding	\$820	\$780	\$711
<u>7th-year:</u>			
Number of States	---	9	14
Average State funding	---	\$820	\$803
<u>8th-year:</u>			
Number of States	---	---	9
Average State funding	---	---	\$844
<u>Other program activities</u>			
Technical assistance	\$1,500	\$1,500	\$1,500
National Classification System Study	---	\$200	---
Site visits	\$84	\$110	\$110
Number of site visits	8	11	10
Peer review costs	\$4	\$4	---

REHABILITATION SERVICES AND DISABILITY RESEARCH

Vocational Rehabilitation State grants

State or Outlying Area	1994	1995	1996
Alabama	\$43,900,033	\$43,938,487	45,237,566
Alaska	6,675,161	6,812,914	7,027,467
Arizona	29,509,816	31,190,296	32,328,129
Arkansas	26,368,400	26,345,212	27,143,167
California	185,485,610	186,475,191	192,975,747
Colorado	18,794,246	24,704,697	25,529,040
Connecticut	15,642,623	15,676,615	16,112,231
Delaware	6,655,856	6,812,914	7,027,467
Florida	92,540,212	95,508,400	98,841,531
Georgia	56,175,388	58,189,619	60,051,748
Hawaii	7,016,080	7,121,138	7,362,764
Idaho	9,969,071	10,095,652	10,434,767
Illinois	75,725,969	75,836,605	78,265,623
Indiana	39,299,242	50,083,797	51,642,788
Iowa	20,972,534	24,211,138	24,973,757
Kansas	20,073,338	20,021,759	20,666,028
Kentucky	38,719,894	38,943,179	40,100,847
Louisiana	38,943,793	45,644,437	47,030,441
Maine	11,756,822	11,720,802	12,060,447
Maryland	29,260,179	29,451,399	30,355,991
Massachusetts	38,992,857	39,040,219	40,088,348
Michigan	70,260,120	73,275,223	75,606,467
Minnesota	34,430,171	34,482,748	35,547,333
Mississippi	32,380,691	32,335,589	33,287,614
Missouri	45,114,079	45,124,774	46,478,527
Montana	7,000,000	8,100,263	8,362,244
Nebraska	11,199,566	13,379,139	13,798,614
Nevada	7,811,004	8,056,480	8,360,482
New Hampshire	7,645,343	7,689,943	7,911,597
New Jersey	37,939,681	39,188,078	40,235,453
New Mexico	15,607,128	16,150,693	16,678,396
New York	111,673,557	111,924,190	115,153,501
North Carolina	63,038,114	63,264,140	65,214,434
North Dakota	6,558,768	6,812,914	7,027,467
Ohio	94,548,768	94,494,183	97,403,473
Oklahoma	28,548,375	31,336,398	32,331,763
Oregon	24,232,036	24,395,571	25,213,678
Pennsylvania	96,561,837	96,419,503	99,259,269
Rhode Island	6,496,764	8,047,765	8,288,249
South Carolina	36,492,872	36,497,194	37,632,720
South Dakota	7,049,864	7,031,125	7,243,841
Tennessee	46,791,758	48,644,548	50,121,631
Texas	143,960,517	145,184,648	150,128,620
Utah	17,522,864	17,690,266	18,299,551
Vermont	6,728,216	6,812,914	7,027,467
Virginia	44,050,628	45,788,508	47,210,425
Washington	34,395,591	34,817,025	36,009,299
West Virginia	20,215,576	20,637,716	21,246,126
Wisconsin	41,625,000	42,689,652	43,991,842
Wyoming	5,765,342	6,812,914	7,027,467
District of Columbia	10,731,640	10,543,699	10,801,408
Puerto Rico	34,207,391	53,595,012	55,165,291
American Samoa	608,913	629,350	650,304
Northern Marianas	499,648	518,347	537,518
Guam	1,879,772	1,937,597	1,996,894
Virgin Islands	1,489,225	1,533,571	1,579,047
Palau	92,371	208,125	156,094
TOTAL	1,967,630,320	2,043,874,275	2,108,240,000

REHABILITATION SERVICES AND DISABILITY RESEARCH

Client Assistance State grants

State or Outlying Area	1994	1995	1996
Alabama	\$128,224	\$132,177	\$136,587
Alaska	100,000	102,800	105,473
Arizona	118,798	124,256	128,399
Arkansas	100,000	102,800	105,473
California	956,935	985,300	1,018,154
Colorado	107,577	112,575	116,329
Connecticut	101,717	103,452	106,901
Delaware	100,000	102,800	105,473
Florida	418,153	431,832	446,232
Georgia	209,293	218,362	225,644
Hawaii	100,000	102,800	105,473
Idaho	100,000	102,800	105,473
Illinois	360,583	369,263	381,576
Indiana	175,532	180,353	186,368
Iowa	100,000	102,800	105,473
Kansas	100,000	102,800	105,473
Kentucky	116,412	119,614	123,603
Louisiana	132,905	135,588	140,110
Maine	100,000	102,800	105,473
Maryland	152,157	156,740	161,967
Massachusetts	185,949	189,794	196,121
Michigan	292,565	299,211	309,188
Minnesota	138,889	142,598	147,352
Mississippi	100,000	102,800	105,473
Missouri	160,993	165,232	170,742
Montana	100,000	102,800	105,473
Nebraska	100,000	102,800	105,473
Nevada	100,000	102,800	105,473
New Hampshire	100,000	102,800	105,473
New Jersey	241,473	248,733	257,026
New Mexico	100,000	102,800	105,473
New York	561,723	574,461	593,616
North Carolina	212,146	219,247	226,557
North Dakota	100,000	102,800	105,473
Ohio	341,516	350,132	361,807
Oklahoma	100,000	102,800	105,473
Oregon	100,000	102,800	105,473
Pennsylvania	372,301	380,343	393,026
Rhode Island	100,000	102,800	105,473
South Carolina	111,699	115,006	118,841
South Dakota	100,000	102,800	105,473
Tennessee	155,753	160,971	166,338
Texas	547,368	569,220	588,201
Utah	100,000	102,800	105,473
Vermont	100,000	102,800	105,473
Virginia	197,699	204,914	211,747
Washington	159,226	165,895	171,427
West Virginia	100,000	102,800	105,473
Wisconsin	155,226	159,045	164,348
Wyoming	100,000	102,800	105,473
District of Columbia	100,000	102,800	105,473
Puerto Rico	109,188	111,186	114,894
American Samoa	45,000	46,260	47,463
Northern Marianas	45,000	46,260	47,463
Guam	45,000	46,260	47,463
Virgin Islands	45,000	46,260	47,463
Palau	45,000	46,260	47,463
TOTAL	\$9,547,000	\$9,824,000	\$10,119,000

REHABILITATION SERVICES AND DISABILITY RESEARCH

Protection and Advocacy of Individual Rights

State or Outlying Area	1994	1995	1996
Alabama	\$100,000	\$102,800	102,800
Alaska	100,000	102,800	102,800
Arizona	100,000	102,800	102,800
Arkansas	100,000	102,800	102,800
California	100,000	605,579	605,579
Colorado	100,000	102,800	102,800
Connecticut	100,000	102,800	102,800
Delaware	100,000	102,800	102,800
Florida	100,000	265,410	265,410
Georgia	100,000	134,209	134,209
Hawaii	100,000	102,800	102,800
Idaho	100,000	102,800	102,800
Illinois	100,000	226,954	226,954
Indiana	100,000	110,848	110,848
Iowa	100,000	102,800	102,800
Kansas	100,000	102,800	102,800
Kentucky	100,000	102,800	102,800
Louisiana	100,000	102,800	102,800
Maine	100,000	102,800	102,800
Maryland	100,000	102,800	102,800
Massachusetts	100,000	116,649	116,649
Michigan	100,000	183,899	183,899
Minnesota	100,000	102,800	102,800
Mississippi	100,000	102,800	102,800
Missouri	100,000	102,800	102,800
Montana	100,000	102,800	102,800
Nebraska	100,000	102,800	102,800
Nevada	100,000	102,800	102,800
New Hampshire	100,000	102,800	102,800
New Jersey	100,000	152,874	152,874
New Mexico	100,000	102,800	102,800
New York	100,000	353,072	353,072
North Carolina	100,000	134,752	134,752
North Dakota	100,000	102,800	102,800
Ohio	100,000	215,196	215,196
Oklahoma	100,000	102,800	102,800
Oregon	100,000	102,800	102,800
Pennsylvania	100,000	233,764	233,764
Rhode Island	100,000	102,800	102,800
South Carolina	100,000	102,800	102,800
South Dakota	100,000	102,800	102,800
Tennessee	100,000	102,800	102,800
Texas	100,000	349,851	349,851
Utah	100,000	102,800	102,800
Vermont	100,000	102,800	102,800
Virginia	100,000	125,943	125,943
Washington	100,000	102,800	102,800
West Virginia	100,000	102,800	102,800
Wisconsin	100,000	102,800	102,800
Wyoming	100,000	102,800	102,800
District of Columbia	100,000	102,800	102,800
Puerto Rico	100,000	102,800	102,800
American Samoa	50,000	51,400	51,400
Northern Marianas	50,000	51,400	51,400
Guam	50,000	51,400	51,400
Virgin Islands	50,000	51,400	51,400
Palau	0	0	0
Subtotal	5,400,000	7,321,000	7,321,000
Technical assistance	100,000	135,000	135,000
TOTAL	\$5,500,000	\$7,456,000	\$7,456,000

REHABILITATION SERVICES AND DISABILITY RESEARCH

Supported Employment State grants

State or Outlying Area	1994	1995	1996
Alabama	\$493,075	\$527,587	\$555,282
Alaska	300,071	300,000	300,000
Arizona	456,370	495,961	521,994
Arkansas	300,291	305,440	321,472
California	3,679,837	3,932,783	4,139,217
Colorado	413,257	449,338	472,924
Connecticut	390,748	412,923	434,597
Delaware	300,000	300,000	300,000
Florida	1,607,981	1,723,641	1,814,115
Georgia	804,006	871,585	917,336
Hawaii	300,000	300,000	300,000
Idaho	300,129	300,000	300,000
Illinois	1,386,599	1,473,896	1,551,261
Indiana	675,000	719,874	757,681
Iowa	335,234	354,582	373,194
Kansas	300,781	318,922	335,662
Kentucky	447,655	477,438	502,499
Louisiana	510,557	541,197	569,605
Maine	300,000	300,000	300,000
Maryland	585,111	625,621	658,460
Massachusetts	715,056	757,550	797,314
Michigan	1,123,894	1,194,287	1,256,976
Minnesota	534,087	569,171	599,046
Mississippi	311,630	333,035	350,516
Missouri	618,457	659,517	694,135
Montana	300,100	300,000	300,000
Nebraska	300,195	300,000	300,000
Nevada	300,161	300,000	300,000
New Hampshire	300,000	300,000	300,000
New Jersey	928,571	992,804	1,044,916
New Mexico	300,000	300,000	300,000
New York	2,160,070	2,292,937	2,413,294
North Carolina	815,794	875,114	921,049
North Dakota	300,000	300,000	300,000
Ohio	1,313,280	1,397,536	1,470,893
Oklahoma	382,921	407,126	428,497
Oregon	354,905	382,051	402,105
Pennsylvania	1,431,662	1,518,124	1,597,811
Rhode Island	300,000	300,000	300,000
South Carolina	429,533	459,041	483,136
South Dakota	300,086	300,000	300,000
Tennessee	598,940	642,506	676,232
Texas	2,102,730	2,272,020	2,391,279
Utah	300,000	300,000	300,000
Vermont	300,000	300,000	300,000
Virginia	760,239	817,907	860,839
Washington	612,292	662,163	696,920
West Virginia	300,220	300,000	300,000
Wisconsin	596,914	634,819	668,142
Wyoming	300,000	300,000	300,000
District of Columbia	300,071	300,000	300,000
Puerto Rico	419,450	443,794	467,089
American Samoa	43,170	45,670	47,690
Northern Marianas	43,170	45,670	47,690
Guam	43,170	45,670	47,690
Virgin Islands	43,170	45,670	47,690
Palau	20,000	45,670	34,252
Subtotal	34,190,640	36,170,640	37,770,480
Minority Outreach	345,360	365,360	381,520
TOTAL	34,536,000	36,536,000	38,152,000

REHABILITATION SERVICES AND DISABILITY RESEARCH

Independent living State grants

State or Outlying Area	1994	1995	1996
Alabama	\$283,800	\$291,746	\$291,746
Alaska	283,800	291,746	291,746
Arizona	283,800	291,746	291,746
Arkansas	283,800	291,746	291,746
California	1,297,442	1,949,937	1,949,937
Colorado	283,800	291,746	291,746
Connecticut	283,800	291,746	291,746
Delaware	283,800	291,746	291,746
Florida	566,945	854,607	854,607
Georgia	283,800	432,146	432,146
Hawaii	283,800	291,746	291,746
Idaho	283,800	291,746	291,746
Illinois	488,889	730,780	730,780
Indiana	283,800	356,924	356,924
Iowa	283,800	291,746	291,746
Kansas	283,800	291,746	291,746
Kentucky	283,800	291,746	291,746
Louisiana	283,800	291,746	291,746
Maine	283,800	291,746	291,746
Maryland	283,800	310,193	310,193
Massachusetts	283,800	375,604	375,604
Michigan	396,668	592,146	592,146
Minnesota	283,800	291,746	291,746
Mississippi	283,800	291,746	291,746
Missouri	283,800	326,999	326,999
Montana	283,800	291,746	291,746
Nebraska	283,800	291,746	291,746
Nevada	283,800	291,746	291,746
New Hampshire	283,800	291,746	291,746
New Jersey	327,397	492,247	492,247
New Mexico	283,800	291,746	291,746
New York	761,601	1,136,873	1,136,873
North Carolina	287,634	433,895	433,895
North Dakota	283,800	291,746	291,746
Ohio	463,039	692,920	692,920
Oklahoma	283,800	291,746	291,746
Oregon	283,800	291,746	291,746
Pennsylvania	504,778	752,709	752,709
Rhode Island	283,800	291,746	291,746
South Carolina	283,800	291,746	291,746
South Dakota	283,800	291,746	291,746
Tennessee	283,800	318,564	318,564
Texas	742,140	1,126,502	1,126,502
Utah	283,800	291,746	291,746
Vermont	283,800	291,746	291,746
Virginia	283,800	405,530	405,530
Washington	283,800	328,310	328,310
West Virginia	283,800	291,746	291,746
Wisconsin	283,800	314,753	314,753
Wyoming	283,800	291,746	291,746
District of Columbia	283,800	291,746	291,746
Puerto Rico	283,800	291,746	291,746
American Samoa	22,279	27,051	27,051
Northern Marianas	0	0	0
Guam	22,279	27,051	27,051
Virgin Islands	22,279	27,051	27,051
Palau	0	0	0
Subtotal	17,822,970	21,640,410	21,640,410
Minority Outreach	180,030	218,590	218,590
TOTAL	18,003,000	21,859,000	21,859,000

Department of Education

AMERICAN PRINTING HOUSE FOR THE BLIND

Fiscal Year 1996 Budget Request

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AMERICAN PRINTING HOUSE FOR THE BLIND

For carrying out the Act of March 3, 1879, as amended (20 U.S.C. 101 et seq.),

\$6,680,000. (*Department of Education Appropriations Act, 1995*)

AMERICAN PRINTING HOUSE FOR THE BLIND

Amounts Available for Obligation
(\$ in 000s)

	1994	1995	1996
<u>Current authority:</u>			
Annual appropriation	<u>\$6,463</u>	<u>\$6,680</u>	<u>\$6,680</u>
Total obligations	6,463	6,680	6,680

Obligations by Object
(\$ in 000s)

	1994	1995	1996
Grants, subsidies and contributions	\$6,463	\$6,680	\$6,680

AMERICAN PRINTING HOUSE FOR THE BLIND

Authorizing Legislation

Activity	1995 Authorized	1995 Estimate	1996 Authorized	1996 Request
American Printing House for the Blind (20 U.S.C. 101 et seq.)	<u>Indefinite</u>	<u>\$6,680,000</u>	<u>Indefinite</u>	<u>\$6,680,000</u>
Total definite authorization	0	6,680,000	0	6,680,000
Total appropriation				

AMERICAN PRINTING HOUSE FOR THE BLIND

Table of Estimates and Appropriations ¹
(\$ in 000s)

	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1987	\$5,510 ²	\$5,510	\$5,500	\$5,500
1988	5,510 ²	5,510	5,500	5,266
1989	5,381 ²	5,381	5,400	5,335
1990	5,537 ³	5,537	5,942	5,740
1990 Sequester				-77
1991	5,901	6,076	6,500	6,136
1991 Sequester				-.1
1992	6,136	5,500	6,600	5,900
1993	6,349	6,286	6,349	6,298
1994	6,463	6,463	6,463	6,463
1995	6,680	6,406	6,680	6,680
1996	6,680			

¹ Excludes \$10,000 APH permanent appropriation for all years, except where otherwise noted

² Reflects addition of \$10,000 in the annual appropriation request to offset a legislative proposal to eliminate the \$10,000 permanent appropriation.

³ Includes \$10,000 to offset the termination of the permanent appropriation. The Handicapped Programs Technical Amendments Act of 1988 terminated the authority for the permanent appropriation as of October 1, 1989

AMERICAN PRINTING HOUSE FOR THE BLIND

American Printing House for the Blind

(Act to Promote the Education of the Blind, 20 U.S.C. 101 et seq.)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$6,680	\$6,680	0

PURPOSE AND METHOD OF OPERATION

The Act to Promote the Education of the Blind authorizes an annual appropriation for the American Printing House for the Blind (APH) to produce and distribute educational materials adapted for students who are legally blind in formal educational programs below the college level. The materials are distributed to programs serving individuals who are blind through allotments to the States. The allotments are based on an annual census conducted by APH of the number of students who are blind in each State and are provided in the form of credits. A State may order materials free-of-charge up to the level of its allotment. The bulk of the appropriation is used to cover the cost of operations to produce these materials. The Printing House also uses a portion of these funds to conduct research related to developing and improving products and provide advisory services to consumer organizations on the availability and use of materials produced by APH.

Items to be produced and distributed by the Printing House are reviewed and approved by two standing advisory committees chosen from APH's ex officio trustees. One committee determines the need for new publications, and the other oversees research and development activities. The purpose of these committees is to ensure that all educational materials produced and research undertaken meet the needs of students who are blind. In the research and development category, the Printing House conducts basic and applied research necessary to develop and improve instructional materials in areas such as braille reading, science, mathematics, and social studies. Special materials are developed for use in teaching students who are blind and have additional disabilities and in areas such as early childhood, prevocational training, microcomputer applications, and the functional use of residual vision.

The States are required to provide a free appropriate public education, including appropriate related materials and supplies, to all students with disabilities under the Individuals with Disabilities Education Act. Materials provided through this appropriation supplement the resources available to the States to achieve this goal. States may, and most do, make additional purchases to supplement their allocation under this appropriation. The direct appropriation only represented approximately 40 percent of the Printing House's total sales income and 43 percent of its total budget in fiscal year 1994. Funds from Federal research grants and contracts from Federal agencies such as the Library of Congress and the Internal Revenue Service represent about another 30 percent of APH's sales income. Revenue from unsubsidized product sales to State and local agencies and individual blind persons, private sector contract sales, donations, and endowment and investment income provided the other 30 percent of the Printing House's income in fiscal year 1994.

AMERICAN PRINTING HOUSE FOR THE BLIND

American Printing House for the Blind

This is a current funded grant-in-aid program for which funds are available from October 1 to September 30. The level of funding is dependent upon the availability of appropriations, and is awarded to APH on a noncompetitive basis.

Funding levels for the past five fiscal years were as follows:

	(\$ in 000s)
1991	\$6,136
1992	5,900
1993	6,298
1994	6,463
1995	6,680

1996 BUDGET REQUEST

The Department requests \$6,680,000 for the American Printing House for the Blind (APH) for fiscal year 1996. This level would maintain funding for APH at the 1995 appropriation level.

APH uses the Federal appropriation to conduct activities in three areas: production of educational materials, advisory services, and research. The request includes \$5,850,000 for educational materials, the same as the fiscal year 1995 level. These funds are used to produce and distribute special educational materials adapted for visually impaired students. While the States are required to provide a free appropriate public education to all students with disabilities under the Individuals with Disabilities Education Act (IDEA), this appropriation supplements resources made available to local educational agencies through the IDEA and other sources to assist in the education of persons who are blind. The request would maintain funding for general advisory services operations at the 1995 level of \$170,000. The advisory services activity supports the annual meeting of the ex officio trustees, advisory group meetings, the annual census of students who are blind, printing and distribution of catalogs of available materials, and field services such as consultation, in-service training, and workshops. The request also would maintain funding for operations in the educational and technical research area at the 1995 level of \$398,000. APH uses these funds to conduct a comprehensive program of applied research aimed toward developing or adapting a wide range of new educational materials. In addition to funding for operations, the request includes funds to continue four special projects: the copyright initiative (\$60,000); adaptive testing initiative (\$25,000); math, science, geography initiative (\$100,000); and videotape technology project (\$60,000).

In 1995, APH used \$30,000 of the \$60,000 originally allocated to the videotape technology project and \$30,000 of the \$60,000 originally allocated to the adaptive testing initiative to begin a special initiative to augment its prior efforts to obtain copyright permissions. The budget request includes \$60,000 to continue the copyright initiative in fiscal year 1996. Access to educational materials has become more complicated as advanced forms of duplication have permitted conversion to braille and other alternative formats from ASCII tapes. This has greatly complicated the process of obtaining permission to reproduce materials in braille, large type, and other formats appropriate for visually impaired students. This has caused APH to have to spend a great deal of additional time and effort to process

AMERICAN PRINTING HOUSE FOR THE BLIND**American Printing House for the Blind**

copyright permissions. APH is working with representatives of the major textbook manufacturing companies on resolving this issue.

The budget request includes funding for the adaptive testing and research in mathematics, science, and geography initiatives, but at lower levels than APH used for these projects in 1995. The Printing House used \$30,000 from the 1995 appropriation for the second year of the three-year program to expand APH's efforts to ensure that appropriately modified testing material is available to adequately assess the progress of children with visual impairments. The Printing House projects that only \$25,000 will be necessary to complete this project in fiscal year 1996. APH used \$125,000 of the 1995 appropriation for the second year of the three-year initiative to expand the number of research projects in the areas of mathematics, science, and geography. APH projects that it will use \$100,000 to complete the three-year project in fiscal year 1996.

The budget request includes \$60,000 to continue the videotape technology project in fiscal year 1996, \$30,000 more than was used for this project in 1995. The additional funds would be offset by the decreases in support for the adapted testing and research in mathematics, science, and geography initiatives. The Department believes that the use of the videotapes for outreach and training has significant potential to increase the effectiveness and scope of APH efforts in these areas, while reducing the need for more costly training and technical assistance activities which require travel and staff attendance. APH completed and distributed its first tape in fiscal year 1994, and initial feedback is encouraging. Responses from evaluation forms indicate that a total of 721 individuals saw the tape in a variety of settings in 15 States. Of the 26 documented presentations, 16 were conducted without having APH personnel present at the showing. The Department believes that the survey information indicates that the project is a viable and cost efficient means for providing information to the field, including individuals in isolated or remote areas. APH plans to continue the survey with the next two videotapes. APH is using the funds designated for the videotape project in 1994 and 1995 to develop a two tape series on assessment of functional vision and effective utilization of functional vision, including use of APH products in these processes. The films are focusing on how to assess and teach use of functional vision in natural settings. The 1996 funds will be used to develop and distribute additional tapes on services available through the Federal appropriation.

The Printing House requested an additional \$295,000 to expand its current system of storing and retrieving electronic files used in the production of braille textbooks. These files are used in the computerized production of braille textbooks and educational materials in electronic format. APH already operates the Centralized Automated Resource List (APH-CARL) system, and the Federal Government co-funded an initiative in 1993 to create a National Comprehensive Listing System. The Department believes that APH has adequate technical capacity to conduct the Federal program. Funds are not requested for this project.

AMERICAN PRINTING HOUSE FOR THE BLIND

American Printing House for the Blind

IMPACT DATA

	1994	1995	1996
Distribution of funding (\$ in 000s):			
Educational materials	\$5,685	\$5,850	\$5,850
Advisory services:			
Operations	170	175	175
Videotape technology	40	30	60
Copyright initiative	0	60	60
Educational and technical research:			
Operations	398	410	410
Three-year math, science, geography initiative	125	125	100
Adaptive testing initiative	45	30	25
Total	6,463	6,680	6,680
Number of persons served	52,791	54,375	56,006
Average per student allotment	\$107.69	\$107.59	\$104.45
Advisory committee meetings	7	7	7
State education agencies visited	8	8	8
Residential programs visited	8	8	8
Rehabilitation programs visited	3	3	3
Visits to teacher training programs	4	4	4
Inservice training programs	12	12	12
Conference presentations	10	10	10
Videotapes distributed	1	2	2
Catalogs distributed	22,000	22,000	22,000
Total employees (full-time equiv.)	340	340	340

Department of Education

NATIONAL TECHNICAL INSTITUTE FOR THE DEAF

Fiscal Year 1996 Budget Request

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NATIONAL TECHNICAL INSTITUTE FOR THE DEAF

For the National Technical Institute for the Deaf under titles I and II of the Education of the Deaf Act of 1986 (20 U.S.C. 4301 et seq.), [\$43,191,000] \$43,041,000, of which \$336,000 shall be for the endowment program as authorized under section 207 and shall be available until expended [and \$150,000 shall be for construction and shall be available until expended]' : Provided, That from the total amount available, the Institute may at its discretion use additional amounts for the endowment program, to remain available until September 30, 1996.² (*Department of Education Appropriations Act, 1995.*)

Note--Each language provision that is followed by a footnote reference is explained in the Analysis of Language Provisions and Changes document which follows the appropriation language.

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Analysis of Language Provisions and Changes

Language Provision	Explanation
¹ ...[and \$150,000 shall be for construction and shall be available until expended]	This language is deleted because funds are not requested for construction for fiscal year 1996.
² ... <u>Provided, That from the total amount available, the Institute may at its discretion use additional amounts for the endowment program, to remain available until September 30, 1996</u>	This provision provides flexibility to the Institute to use current year funds from operations to add to the amount available for the Federal Endowment Grant program in fiscal year 1996.

NATIONAL TECHNICAL INSTITUTE FOR THE DEAF

Amounts Available for Obligation
(\$ in 000s)

	1994	1995	1996
<u>Current authority:</u>			
Annual appropriation	<u>\$41,836</u>	<u>\$43,191</u>	<u>\$43,041</u>
Total obligations	41,836	43,191	43,041

Obligations by Object
(\$ in 000s)

	1994	1995	1996
Grants, subsidies and contributions	\$41,836	\$43,191	\$43,041

NATIONAL TECHNICAL INSTITUTE FOR THE DEAF

Summary of Changes
(\$ in 000s)

1995	\$43,191
1996	<u>43,041</u>
Net change	-150

	<u>1995 base</u>	<u>Change from base</u>
<u>Decreases:</u>		
<u>Program:</u>		
Decrease in funding for construction projects	150	<u>-150</u>
Net change		-150

NATIONAL TECHNICAL INSTITUTE FOR THE DEAF

Authorizing Legislation

Activity	1995 Authorized	1995 Estimate	1996 Authorized	1996 Request
Operations (EDA-I-B)				
Endowment grant (EDA-II-207)	Indefinite	\$42,705,000	Indefinite	0
Construction (EDA-I-112)	Indefinite	336,000	Indefinite	0
	Indefinite	<u>150,000</u>	<u>Indefinite</u>	<u>0</u>
Total definite authorization	0		0	
Total appropriation		43,191,000		\$43,041,000

NATIONAL TECHNICAL INSTITUTE FOR THE DEAF

Table of Estimates and Appropriations
(\$ in 000s)

	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1987	\$31,380	\$32,000	\$32,000	\$32,000
1988	33,000	33,000	33,000	31,594
1989	33,031	33,231	33,031	33,326
1990	35,553	35,553	37,553	36,553
1990 Sequester				-483
1991	37,531	37,531	38,495	37,212
1991 Sequester				-.5
1992	37,226	38,500	39,439	39,439
1993	41,004	39,045	41,041	40,713
1994	41,836	41,836	41,836	41,836
1995	43,191	41,462	43,191	43,191
1996	43,041			

NATIONAL TECHNICAL INSTITUTE FOR THE DEAF

National Technical Institute for the Deaf

(Education of the Deaf Act, Title I, Part B)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$43,191	\$43,041	-\$150

PURPOSE AND METHOD OF OPERATION

In 1965, the National Technical Institute for the Deaf Act authorized the creation of a residential facility for postsecondary technical training and education for persons who are deaf. The purpose of the Act was to promote the employment of persons who are deaf by providing technical and professional education for the Nation's deaf young people. The Secretary of Health, Education, and Welfare was authorized by the Act to negotiate a contract with an institution of higher education located in a metropolitan industrial area for this purpose. A contract meeting these requirements was entered into with the Rochester Institute of Technology (RIT) in Rochester, NY. The purpose of the special relationship with the host institution is to provide the National Technical Institute for the Deaf (NTID) with facilities and core services which would not otherwise be available to an institution of NTID's size. RIT provides curriculum and faculty expertise from seven other colleges; health and counseling services; library, physical education, and recreation facilities; and general services such as food, maintenance, grounds, and security. Indirect cost rates are established by RIT governing reimbursement for each of the services it provides. These rates are approved by the Division of Cost Allocation of the United States Department of Health and Human Services.

The National Technical Institute for the Deaf Act was superseded by the Education of the Deaf Act of 1986 (EDA). This Act continued the authority of the Department of Education to contract with the host institution and provide a Federal subsidy to the National Technical Institute for the Deaf so that it may continue to provide postsecondary educational opportunities for individuals who are deaf. The Education of the Deaf Act Amendments of 1992 and 1993 specified certain limitations on how Federal funds can be used, prohibiting the Institute from using these funds for alcoholic beverages, goods and services for personal use, housing and personal living expenses unless agreed upon in a written employment agreement, lobbying, and membership in country clubs and social or dining clubs or organizations. The Amendments also required NTID to develop policies governing the allowability of expenditures for noninstitutional professional activities, fringe benefits, interest on loans, rental costs of buildings and equipment, sabbatical leave, severance pay,

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travel, royalties, and costs for use of patents. In addition, a cap was established on the enrollment of international students of 10 percent of the total postsecondary student population. In conjunction with the enrollment cap, the tuition surcharge for international students was increased to 90 percent beginning with academic year 1994-95. The Institute may reduce the surcharge to 50 percent, on a case-by-case basis, if the student is from a developing country, is unable to pay the surcharge, and has made a good faith effort to secure aid through the student's government or other sources.

NTID offers certificates, diplomas, and associate degrees in 35 technical programs related to business, science and engineering technology, and visual communications. These include majors such as accounting, applied art and computer graphics, applied computer technology, and photo/media technologies. NTID students may also participate in approximately 200 educational programs available through the other seven colleges of the Rochester Institute of Technology. RIT offers technological studies at the bachelor's and master's degree levels. The association of NTID with the Rochester Institute of Technology provides deaf students with a wider choice of career preparation options than could be provided by a national technical institute for the deaf standing alone. NTID provides students who are deaf in NTID or RIT programs with support services and special programs. These services include tutoring, counseling, notetaking, interpreting, provision of special educational media, and programs such as cooperative work experience and specialized job placement.

NTID also provides training and conducts applied research in occupational and employment-related aspects of deafness, communication assessment, the demographics of NTID's target population, and learning processes in postsecondary education. Research findings, education techniques, and products are disseminated through publications and training seminars. NTID helps train individuals wishing to work in the field of deafness through an Associate in Applied Science program in interpreting, a tutor/notetaking program, and an internship program for graduate students and other professionals.

The 1995 appropriation represents about 83 percent of NTID's total budget. The remaining funds come from tuition, fees, private contributions, and endowment income. The revenue derived from tuition and fees is substantially supported by payments from Federal vocational rehabilitation and Federal student financial aid programs. For example, in 1994, NTID students received \$4,543,049 from Vocational Rehabilitation, \$571,649 in Pell Grants, and \$850,835 in Federal Family Education Loans. This is a current-funded program for which funds are available from October 1 to September 30.

The Endowment Grant program is designed to assist in meeting future needs of the Institute and reduce long-term Federal funding requirements by stimulating private contributions. No portion of the endowment fund corpus may be withdrawn, except with the Secretary's approval and only due to a financial emergency or life-threatening situation. During the 10 years following the fiscal year in which funds are matched, NTID may retain up to 50 percent of the income of the fund for expenses necessary to the operation of the Institute

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such as personnel, construction and renovation, community and student services, technical assistance, and research. The other 50 percent of the interest returns to the corpus. After the 10 year period elapses, NTID may access the entire amount of the interest associated with that year's match. The endowment fund corpus and income must either be invested in the Common Fund, a fund authorized under section 501(f) of the Internal Revenue Code of 1986, or low-risk investments such as obligations of the United States or issuances of federally insured institutions. The Common Fund is a nonprofit membership investment management corporation organized and operated by and for its member colleges, universities, and independent schools.

The Secretary, subject to the availability of appropriations, makes payments to the endowment program equal to sums contributed to the fund from non-Federal sources. The non-Federal contribution increases from \$1 for each Federal dollar received to \$2 for each Federal dollar received in a given fiscal year if the amount raised by NTID from non-Federal sources exceeds \$1 million and the Federal funds available exceed \$1 million. Matching funds may not include transfers from other endowment, restricted, or Federal funds received by the Institute. The Institute must also report annually on how the funds are invested, what gains and losses were realized, and how the income was used. The level of funding is dependent upon the availability of appropriations. Funds appropriated for this program are available until expended.

Funding levels for the past five fiscal years were as follows:

	(\$ in 000s)
1991	\$37,212
1992	39,436
1993	40,713
1994	41,836
1995	43,191

1996 BUDGET REQUEST

The Department requests \$43.041 million for operations of the National Technical Institute for the Deaf (NTID) for fiscal year 1996. This level maintains funding for operations of the Institute at the fiscal year 1995 level. Within this level, the Institute would have the flexibility to establish priorities for the use of appropriated funds among salaries and benefits, auxiliary services, and other areas. NTID plans to increase tuition by \$435 per student or 10.1 percent, room charges by \$168 or 5.5 percent, and board charges by \$143 or 5.5 percent for school year 1995-96. The room and board charges are calculated to cover costs associated with these activities, but the tuition increases should provide approximately \$513,000 in additional revenue for the Institute. This includes additional revenue from the increase in the tuition surcharge for foreign students specified in the Education of the Deaf Act, which goes from 75 percent to 90 percent beginning in school year 1994-95. As

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needed, the Institute may direct the additional student revenue to supplement one or more of its institutional priorities. No funds are requested for construction for fiscal year 1996.

The Department's request includes \$336,000 for the endowment matching program for NTID in 1996. The Department projects that the Institute will be able to raise the \$336,000 match required to meet the 1995 appropriation and should be able to raise the same amount in 1996. In 1996, NTID would be provided the flexibility to use current year program funds to supplement the Federal funds designated for the Endowment Grant program. The Department supports the objectives of the Federal Endowment Grant program. The authority for this program was proposed by the Department and incorporated into the Education of the Deaf Act of 1986. The program provides a strong incentive for potential contributors to donate private funds to NTID, helps promote the financial independence of the Institute, and gives NTID a permanent and increasing source of funds for enrichment activities and special projects.

NTID expects to save \$375,000 in fiscal year 1996 as a result of reorganizations recommended in the NTID Strategic Plan, efficiencies achieved through implementation of the cost principles required by the 1992 Amendments to the Education of the Deaf Act, and changes in the method for calculating RIT's indirect cost charges resulting from the GAO audit. The Institute's request proposed to reallocate the \$375,000 in 1996 to establish a master of science program to train teachers of secondary school students who are deaf or hard of hearing. The program would provide a curriculum that includes professional studies, pedagogy, foundations of education, theories of human development and learning, and special techniques appropriate for the education of students who are deaf or hard of hearing. The Institute also requested an additional \$345,000 for fiscal year 1996 to provide special market adjustments for interpreters. NTID conducted a survey of 15 colleges and universities, 4 public school systems, 2 State commissions, the United States Department of Education, and an interpreter agency to determine prevailing interpreter salaries. The data, when normalized to NTID standards, indicate that NTID's salaries are significantly below the average of the salaries in the comparison group. NTID estimates that the proposed increase would bring its salaries to the 63rd percentile of those surveyed.

The Department has a number of major concerns about NTID's plans to start a master's degree program. We believe it would be inappropriate for NTID to administer a master's program in education because it is inconsistent with its mission as a technical school for persons who are deaf. The National Technical Institute for the Deaf currently does not provide programs above the associate degree level. In addition, these programs are limited to technical areas, and none is in education. The Department would be equally concerned if NTID intends that the program be administered by RIT. Students at NTID may take courses in any of RIT's programs and receive baccalaureate and master's degrees. The Institute pays RIT a negotiated rate per credit hour for each course taken by one of its students. These payments amount to over \$7 million per year. We believe that the Federal Government should not be directly subsidizing the cost of RIT's programs in addition to paying a negotiated rate per credit hour for NTID students enrolled in RIT programs. The

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agreement governing the establishment and administration of NTID specifies that NTID shall be administered at no cost or profit to the host institution. If RIT chooses to pursue creation of a new master of science program in this area, it should do so with its own funds or apply for a competitive grant award. The Office of Special Education Programs spends significant resources on programs under the Individuals with Disabilities Education Act (IDEA) to prepare personnel in the field of special education. For example, in fiscal year 1995, \$91 million is available for the Personnel Development program to increase the quality of and reduce shortages of personnel providing special education, related services, and early intervention services to children with disabilities. Within this amount, the Department's priorities for 1995 included \$2 million for new awards for programs to train personnel serving low incidence populations and \$2.5 million for new awards for programs to train special education teachers. For fiscal year 1996, the Department is proposing legislation to revise and extend IDEA authorities. In order to ensure that adequate numbers of personnel are prepared to serve persons with low-incidence disabilities, the Department's reauthorization proposal for professional development, which is currently under development, is expected to provide for regional awards to institutions of higher education and other qualified entities to train personnel to serve persons with low-incidence disabilities, including teachers of secondary students who are deaf or hard of hearing. RIT would be eligible to compete for funds under these competitions. For the above reasons, funds are not requested for this program. The Department proposes that the savings NTID expects to realize in 1996 be redirected to other purposes such as the proposed market adjustment for interpreters.

The General Accounting Office conducted an audit of NTID during late fiscal year 1992 and released its report in December 1993. The report includes findings that NTID did not adequately account for its expenditure of Federal funds and may have used some Federal funds improperly for entertainment expenses and gifts. NTID commingled Federal and non-Federal funds, which makes it difficult to determine how Federal funds are spent. GAO also questioned the carry over of unobligated Federal funds. The report found that NTID's faculty who teach technical courses has only decreased marginally over the years despite a 20 percent decrease in the number of students enrolled in these programs. This problem persists and, since the time the report was conducted, NTID's total enrollment has continued to decline while the number of students enrolled in RIT programs has increased. Although NTID's Strategic Plan recognizes this problem, it merely calls for reallocation of the resources from these programs to other activities. The report also found that NTID paid RIT a disproportionate percent of the cost of RIT's fundraising and received far less than the other colleges. For the five years examined, NTID paid RIT \$671,000 more in fundraising fees than RIT raised for the NTID. GAO was also critical of the level of Department monitoring and evaluation of the Institute, finding that only minimal monitoring activities have occurred.

NTID has responded to some of the concerns expressed in the GAO report. In order to avoid criticism that it is spending Federal funds for prohibited or inappropriate activities, the Institute is implementing changes to its internal accounting structure in order to segregate

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National Technical Institute for the Deaf

expenditures that will be funded by the Federal appropriation from those funded from non-Federal sources. The Institute points out that the 1992 Amendments to the Education of the Deaf Act provide new restrictions that should increase accountability. NTID has responded to requirements in the EDA by developing policies on the expenditure of Federal funds modeled after policies that apply to institutions of higher education and other education organizations that receive Federal funds. The 1992 Amendments also required the Department to review the agreement with RIT for the operation of NTID to assess the need for modification. The Department has notified NTID that it believes that the agreement does need modification. The Department intends to provide a redrafted agreement to RIT for review and concurrence in 1995. The Department is assessing the need for increased monitoring and evaluation activities and plans to take the GAO findings into consideration in determining changes that may be necessary to the agreement with RIT for the operation of NTID.

IMPACT DATA

	1994	1995	1996
Annual tuition and fees: ¹			
Tuition (U.S. students)	\$4,119	\$4,326	\$4,761
Room	2,934	3,066	3,234
Board	2,505	2,604	2,747
Fees	420	441	450
Total (residential students)	9,978	10,437	11,192
Tuition (international students)	\$7,209	\$8,219	\$9,046
Percent of support for operations provided by this appropriation	83%	83%	83%
Estimated average cost per pupil ²	\$37,451	\$39,756	\$39,111
Estimated average educational cost per pupil ³	\$26,187	\$27,810	\$27,365
Student population:			
Applications	621	659	700
Acceptances	450	459	500
Registrations	346	313	370
Enrollment	1,092	1,045	1,090
Technical	(760)	(715)	(745)
Professional:			
Baccalaureate	(322)	(316)	(330)
Graduate	(10)	(14)	(15)

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National Technical Institute for the Deaf

	1994	1995	1996
Foreign students	(65)	(78)	(90)
Foreign students as a percent of total enrollment	6.0%	7.5%	8.3%
Graduates	200	200	200
Graduation rate	52%	52%	52%
Minority enrollment	162	173	176
Minorities as a percent of total enrollment	14.8%	16.6%	16.1%
Summer Vestibule Program	235	196	230
Educational interpreting program	59	59	85
Student services:			
Graduates placed in permanent jobs	131	135	135
Placement rate (estimated) *	97%	95%	95%
Co-op (work experience) placements	269	250	250
Hours of interpreting	77,981	80,000	82,000
Hours of notetaking	41,314	45,000	50,000
Hours of tutoring	13,197	14,000	15,000
Participation in Public Service Activities:			
Explore Your Future (HS Juniors)	99	100	100
Employer training	509	1,000	1,000
Alumni employment support	108	100	100
Interpreters trained	151	200	200
Tutors/notetakers trained	173	200	200
Professional/graduate internships	24	25	25
Math and science workshop	69	100	100
English language project	300	100	100
Support services personnel outreach	150	150	150
Instructional technology symposium	400	0	500
Black/deaf experience	0	300	0
Public service activities (\$000s)	\$1,359	\$1,559	\$1,615
Research:			
Funding (\$000s)	\$1,744	\$1,997	\$1,997
Research publications	101	110	115

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National Technical Institute for the Deaf

	1994	1995	1996
Personnel:			
Full-time faculty	272	280	260
Full-time staff	<u>293</u>	<u>300</u>	<u>290</u>
Total	565	580	550
Part-time faculty	22	25	20
Part-time staff	<u>21</u>	<u>25</u>	<u>20</u>
Total	43	50	40
FTE faculty and staff	586	591	585
Minorities as a % of faculty	7.1%	7.0%	7.0%
Minorities as a % of staff	10.7%	11.0%	11.0%
Disabled as a % of faculty	25.6%	26.0%	26.0%
Disabled as a % of staff	20.0%	20.0%	21.0%
Total faculty/student ratio	1:4.0	1:4.0	1:4.0
Teaching faculty/student ratio	1:8.5	1:8.5	1:8.5
Average salaries:			
Faculty:			
Professor	\$60,939	\$63,881	\$67,100
Associate professor	49,468	51,332	53,900
Assistant professor	39,718	41,606	43,700
Instructor	31,062	34,448	36,100
Lecturer	31,448	34,390	31,000
Executive leadership team ⁵	83,609	88,069	86,000
Professional staff	29,239	29,519	30,000
Clerical	17,409	18,149	19,000

⁵ A three-year tuition plan was agreed upon by the National Technical Institute for the Deaf, Gallaudet University, and the Department of Education which expired in school year 1991-92. For school year 1992-93 and beyond, rates specific to each school are proposed by each institution according to its individual needs, within a cap for increases in any given year of 10 percent. The level for school year 1994-95 has been approved by the RIT Board of Trustees.

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² The average cost per student figure is based on total estimated expenditures, excluding the categories of sponsored and other research, public services, and auxiliary enterprises.

³ The educational cost per student figure is adapted by NTID from a methodology used by the General Accounting Office in a 1986 report on NTID that compared costs at the Institute with those of other federally funded institutions serving persons who are deaf. In addition to research, public services, and auxiliary enterprises, this method excludes student support services such as audiology, speech, remedial English, and psychological services. It also excludes portions of the cost of admissions, placement, instructional media, and some other administrative categories that address unique aspects of NTID's mission.

⁴ Figures are estimates of employment levels one year following graduation based on NTID's prior placement experience.

⁵ This grouping includes the dean, 7 center directors, 2 assistant deans, the associate director, and part of the salary of the vice president, RIT/Director NTID.

Department of Education

GALLAUDET UNIVERSITY

Fiscal Year 1996 Budget Request

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For the Kendall Demonstration Elementary School, the Model Secondary School for the Deaf, and the partial support of Gallaudet University under titles I and II of the Education of the Deaf Act of 1986 (20 U.S.C. 4301 et seq.), \$80,030,000, of which \$1,000,000 shall be for the endowment program as authorized under section 207 and shall be available until expended: Provided, That from the total amount available, the University may at its discretion use additional amounts for the endowment program, to remain available until September 30, 1996.¹ (*Department of Education Appropriations Act, 1995.*)

Note—Each language provision that is followed by a footnote reference is explained in the Analysis of Language Provisions and Changes document which follows the appropriation language.

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Analysis of Language Provisions and Changes

Language Provision	Explanation
<u>'...Provided, That from the total amount available, the University may at its discretion use additional amounts for the endowment program, to remain available until September 30, 1996</u>	This provision provides flexibility to the University to use current year funds from operations to add to the amount available for the Federal Endowment Grant program in fiscal year 1996.

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Amounts Available for Obligation
(\$ in 000s)

	1994	1995	1996
<u>Current authority:</u>			
Annual appropriation	<u>\$78,435</u>	<u>\$80,030</u>	<u>\$80,030</u>
Total obligations	78,435	80,030	80,030

Obligations by Object
(\$ in 000s)

	1994	1995	1996
Grants, subsidies and contributions	\$78,435	\$80,030	\$80,030

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Authorizing Legislation

Activity	1995 Authorized	1995 Estimate	1996 Authorized	1996 Request
University programs (EDA-I-A)	Indefinite	\$54,244,000	Indefinite	0
Elementary and secondary education programs (EDA-I-A)	Indefinite	24,786,000	Indefinite	0
Endowment grant (EDA-II-207)	Indefinite	1,000,000	Indefinite	0
<u>Unfunded authorizations:</u>				
Construction (EDA-I-103)	<u>Indefinite</u>	<u>0</u>	<u>Indefinite</u>	<u>0</u>
Total definite authorization	0		0	
Total appropriation		80,030,000		\$80,030,000

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Table of Estimates and Appropriations
(\$ in 000s)

	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1987	\$60,737	\$60,737	\$62,000	\$62,000
1988	63,000	65,925	64,000	62,195
1989	63,403	66,800	65,000	65,998
1990	68,850	68,350	68,350	68,600
1990 Sequester				-957
1991	74,047	74,047	74,047	72,262
1991 Sequester				-1
1992	70,846	73,172	76,540	76,540
1993	78,250	75,774	78,215	77,589
1994	77,435	77,435	79,435	78,435
1995	80,030	76,742	80,030	80,030
1996	80,030			

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(Education of the Deaf Act, Title I, Part A)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

	<u>1995</u>	<u>1996</u>	<u>Change</u>
University programs	\$54,244	0	0
Elementary and secondary education programs	24,786	0	0
Endowment grant	<u>1,000</u>	<u>0</u>	<u>0</u>
Total	80,030	80,030	0

PURPOSE AND METHOD OF OPERATION

Gallaudet University is a federally chartered, private, nonprofit educational institution providing elementary, secondary, college preparatory, undergraduate, and continuing education programs for persons who are deaf. The University offers a traditional liberal arts curriculum and graduate programs on its main campus and a preparatory program on its satellite campus in Northwest Washington. The University also offers graduate programs in fields related to deafness for students who are deaf and students who are hearing, conducts a wide variety of basic and applied deafness research, and provides public service programs for persons who are deaf and professionals who work with persons who are deaf. To increase the effectiveness of its instructional programs, the University provides communications training, counseling, and other support services for its students. Gallaudet University is a member of a consortium of universities in the Washington, D.C., area. Under the consortium agreement, students registered at Gallaudet may take classes at a variety of area institutions of higher education. This is a current-funded program for which funds are available from October 1 to September 30.

Gallaudet operates two federally funded elementary and secondary education programs on the main campus of the University. The Kendall Demonstration Elementary School (KDES) operates as a model elementary school for children who are deaf. The Model Secondary School for the Deaf (MSSD) provides secondary education programs for students who are deaf. The schools conduct education programs, projects, and activities for the primary purpose of developing, evaluating, and disseminating model curricula, instructional techniques and strategies, and materials that can be used in various educational environments serving individuals who are deaf and individuals who are hard of hearing throughout the Nation. The Education of the Deaf Act of 1986 (EDA) was amended in 1992 to require the programs to include students preparing for postsecondary opportunities other than college and students with a broad spectrum of needs, such as students who are lower achieving academically, come from non-English speaking homes, have secondary disabilities, are members of minority groups, or are from rural areas. The Amendments also require the elementary and secondary education programs to ensure that special education and related services provided to children enrolled in these programs by their parents or guardians are in accordance with Part B of the Individuals with Disabilities Education Act

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(IDEA) and apply specific procedural safeguards from the IDEA to parentally placed children at KDES or MSSD.

The Endowment Grant program is designed to assist in meeting future needs of the University and reduce long-term Federal funding requirements by stimulating private contributions. No portion of the endowment fund corpus may be withdrawn, except with the Secretary's approval and only due to a financial emergency or life-threatening situation. During the 10 years following the fiscal year in which funds are matched, Gallaudet University may retain up to 50 percent of the income of the fund for expenses necessary to the operation of the University such as personnel, construction and renovation, community and student services, technical assistance, and research. The other 50 percent of the interest returns to the corpus. After the 10 year period elapses, the University may access the entire amount of the interest associated with that year's match. The endowment fund corpus and income must either be invested in the Common Fund, a fund authorized under section 501(f) of the Internal Revenue Code of 1986, or low-risk investments such as obligations of the United States or issuances of federally insured institutions. The Common Fund is a nonprofit membership investment management corporation organized and operated by and for its member colleges, universities, and independent schools.

The Secretary, subject to the availability of appropriations, makes payments to the endowment program equal to sums contributed to the fund from non-Federal sources. The non-Federal contribution increases from \$1 for each Federal dollar received to \$2 for each Federal dollar received in a given fiscal year if the amount raised by Gallaudet from non-Federal sources exceeds \$1 million and the Federal funds available exceed \$1 million. Matching funds may not include transfers from other endowment, restricted, or Federal funds received by the University. The University must also report annually on how the funds are invested, what gains and losses were realized, and how the income was used. The level of funding is dependent upon the availability of appropriations. Funds appropriated for this program are available until expended.

The Federal appropriation represents about 73 percent of total revenue for the University. In 1995, the Federal Government is providing \$79 million directly to Gallaudet for the operation of the University, the Kendall Demonstration Elementary School, and the Model Secondary School for the Deaf. This amount constitutes approximately 65.4 percent of total estimated funding for university level instructional, research, and outreach programs and 98.7 percent of total estimated funding for the Model Secondary School for the Deaf (MSSD) and Kendall Demonstration Elementary School (KDES). However, these figures significantly understate Federal support because the University's total revenue figure excludes the \$1 million received for the Federal endowment grants program, interest from these funds, and funds received for construction. The University's total income figures also treat revenue from other Federal sources as non-Federal revenue for the purpose of this calculation. This other income includes Federal grants and contracts of about \$4.55 million per year. In addition, the funds the University receives from tuition and fees are largely derived from payments from Federal vocational rehabilitation and Federal student financial aid programs. In fiscal year 1994, Gallaudet students received approximately \$6.6 million in vocational rehabilitation payments to cover student costs related to tuition, fees, and other expenses; \$620,000 in Pell Grants; \$1 million in Federal Family Education Loans; and \$290,000 from other Federal financial aid programs.

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Funding levels for the past five fiscal years were as follows:

	(\$ in 000s)
1991	\$72,261
1992	76,540
1993	77,589
1994	78,435
1995	80,030

1996 BUDGET REQUEST

The Department's request of \$80.03 million for Gallaudet University operations would maintain overall funding for the University at the fiscal year 1995 level. The request includes \$79.03 million for university level programs, the Model Secondary School for the Deaf (MSSD), and the Kendall Demonstration Elementary School (KDES). The request would combine the funds for the university, elementary, and secondary education programs to increase the flexibility of the University to determine the appropriate mix of funding among these programs. Gallaudet would have the discretion to allocate funding to its highest priorities. The Department supports funding for Gallaudet University to help promote educational opportunities for persons who are deaf.

The Department's request also includes \$1 million for the endowment matching program for Gallaudet University for 1996. The Department projects that Gallaudet will be able to raise the \$1 million match required to meet the 1995 appropriation and should be able to raise a full \$1 million in 1996. In 1996, the University would be provided the flexibility to use current year program funds to supplement the Federal funds designated for the Endowment Grant program. The Department supports the objectives of the Federal Endowment Grant program. The authority for this program was proposed by the Department and incorporated into the Education of the Deaf Act of 1986. The program provides a strong incentive for potential contributors to donate private funds to Gallaudet, helps promote the financial independence of the University, and gives Gallaudet a permanent and increasing source of funds for enrichment activities and special projects.

Gallaudet University requested \$1 million for construction for fiscal year 1996 to conduct architectural and engineering design studies related to renovating the Model Secondary School for the Deaf (MSSD) and increasing accessibility for individuals with disabilities. The University estimates that the total cost of the project will be between \$9 million and \$15 million. The Department is not requesting funds for this project. Congress appropriated \$1 million for Gallaudet in construction funds for unspecified projects in fiscal year 1994 that have not yet been expended. These funds would provide sufficient resources to cover the activities envisioned by the University for MSSD in fiscal year 1996.

Gallaudet expects additional revenue in 1996 from several sources. These include planned increases in tuition of \$400 per student or 8.5 percent, room charges of \$150 or 5.1 percent, and board charges of \$150 or 6.5 percent for school year 1995-96. The Education of the Deaf Act specified that the tuition surcharge for foreign students would increase from 75 to 90 percent beginning with school year 1994-95. The surcharge for foreign students would apply to both undergraduate and graduate tuition rates. The University's Board of Trustees approved a tuition surcharge of 10 percent for graduate

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students to reflect part of the additional cost associated with graduate education. The change went into effect in school year 1994-95 and only applies to new students. Existing students would continue to pay the same tuition rates as undergraduate students. The room and board charges are calculated to cover costs associated with these activities, but the tuition increases should provide over \$1 million in additional revenue to the University.

Private fundraising and endowments, including income from the Federal endowment program, provide additional revenue and give the University some flexibility to allocate resources to meet its highest priorities. The University also completed a five-year staffing reduction plan in 1994. Under this plan, total employment was reduced by 2 percent annually over a period of five years. While the official plan ended in 1994, the University plans to continue making some reductions in staffing in 1995 and 1996. Gallaudet plans to use savings realized from these reductions to offset increased expenses associated with the Federal Employee Retirement System. In addition, the base request now includes \$280,000 for Gallaudet's merit pay system for faculty that the Department requested for fiscal year 1994. These funds will continue to improve the compensation program for faculty in fiscal year 1995 and beyond.

Gallaudet is planning a major reorganization of its university level preparatory programs. As part of this reorganization, the University plans to move the Preparatory Program at the Northwest Campus to its main campus in fiscal year 1995. These programs will be merged with the developmental programs housed at the main campus. Gallaudet requested permission of the Department to sell the Northwest Campus, which was granted in December of 1994. The property was originally given to Gallaudet by the Federal Government in 1981. The Education of the Deaf Act requires Gallaudet to use the proceeds of any such sale solely for the acquisition of real estate, construction, equipment, or improvement of buildings, or investment purposes, except that only the income from the investments may be used for current expenses. Gallaudet currently intends to place the proceeds into a permanent endowment fund. The University is also considering other options, such as the creation of an endowment fund from which the University could borrow to support construction projects. Gallaudet states that any funds borrowed would be returned to the fund with interest. The Department plans to monitor the disposition of the property to ensure that the proceeds are used consistent with the requirements of the Education of the Deaf Act.

Gallaudet estimates that it will save approximately \$500,000 per year in operating costs by consolidating its Northwest and main campuses. The University plans to use the savings to create a new department of deaf studies and for recruitment and literacy initiatives. Gallaudet has included these projects in previous budget requests submitted to the Department, but the Department had concerns about the projects and did not request funding for them.

The Department completed a study of Gallaudet University's Management, Planning, and Budget Processes in 1994. Three reports were produced. The first is a review of the accounting and budgeting processes at the University. The second report consists of specific analyses related to enrollment, expenditures, revenues, faculty compensation, tuition, fund raising, and endowment comparing Gallaudet to various outside groups of institutions. The third report provides a computerized data shell for the Department to use

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in requesting annual information from the University as part of the budget process. The reports provide valuable information regarding Gallaudet's operations, budget systems, and management processes.

The study also contained a number of observations and recommendations. For example, the study is very critical of the budget preparation process at Gallaudet and cites a lack of consistency in the budget process across departments. The report found that the University has a very decentralized budget preparation process and budget requests are typically incremental in nature. The contractor recommended adoption of a centralized budget preparation process, development of more consistent and detailed guidelines and instructions, and preparation of a comprehensive University-wide budget document that would provide the basis for annual monitoring and evaluation. The report also recommended that the University adopt program budgeting to help it identify costs of particular academic and outreach programs and that Gallaudet separately track Federal funds. The Department shared a draft of the report with Gallaudet, and met with the University in April, 1994 to discuss the report's findings and other management issues. Gallaudet does not believe that changes in its accounting system are necessary, but agreed that changes could be made to improve its budget process.

The Department has worked very closely with the University over this past year to address issues relating to compliance by the University's Elementary and Secondary Education Programs with the EDA and the incorporated provisions of the IDEA as they relate to students who have been placed in these programs by their parents. As a part of this process, the Department prepared a document for the University that: (1) Sets forth the EDA and IDEA requirements that govern the University's provision of special education and related services to parentally-placed children at KDES and MSSD; and (2) Summarizes the policies and procedures that the University must establish and implement to meet those requirements. In addition, the Department provided a number of technical assistance sessions with the Schools' administrators, and has recently reviewed and responded to the University's written policies and procedures. The Department has planned an official on-site monitoring visit in late Spring of this year.

IMPACT DATA

	1994	1995	1996
Annual tuition and fees:			
Base tuition	\$4,300	\$4,700	\$5,100 ¹
Room	2,950	3,100	3,250 ¹
Board	2,160	2,300	2,450 ¹
Fees	<u>270</u>	<u>280</u>	<u>280¹</u>
Total	9,680	10,380	11,080
Foreign student surcharge	\$3,225	\$4,230	\$4,590
Graduate student surcharge ²	0	\$470	\$510
Additional surcharge for foreign graduate students	0	\$423	\$459

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	1994	1995	1996
Federal appropriation as a percent of total revenues ³	73%	73%	73%
Estimated average cost per pupil ⁴	\$25,881	\$25,709	\$25,535
Program enrollment: ⁵			
Preparatory program	212	179	195
Undergraduates	1,459	1,423	1,455
Non-degree credit students	102	112	100
Graduate students	439	461	450
Total	2,212	2,175	2,200
Foreign students	(265)	(227)	(220)
Foreign student percentage	12.0%	10.4%	10.0%
Model Secondary School for the Deaf (MSSD):			
High school	271	245	260
Postsecondary			
Enrichment Program	31	41	40
Total	302	286	300
Kendall Demonstration Elementary School (KDES)	182	185	200
Research:			
Sponsored research:			
Proposals	54	55	55
Awards	40	40	40
Funding (\$000s)	\$1,200	\$1,300	\$1,300
Appropriated research budget (\$000s)	\$3,700	\$3,900	\$3,900
Gallaudet research publications	80	80	80
Number of persons served by Gallaudet outreach programs:			
University programs	57,950	50,000	50,000
Precollege programs	26,000	27,000	27,000
Total	83,950	77,000	77,000
Precollege outreach products distributed ⁶	109,450	100,000	100,000
Student support services contact hours ⁷	128,000	125,000	125,000

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	1994	1995	1996
Student/faculty ratios:			
University programs	8.5:1	8.1:1	8.2:1
MSSD ¹	4.7:1	4.5:1	4.7:1
KDES ¹	4.2:1	4.3:1	4.7:1
Number of employees:			
Permanent positions	1,299	1,291	1,290
Temporary	38	29	20
Grant or revenue supported	109	98	100

¹ The three-year tuition plan agreed upon by Gallaudet University, the National Technical Institute for the Deaf, and the Department of Education in September 1988 expired with school year 1991-92. For school years 1992-93 and beyond, rates specific to each school are proposed by each institution according to its individual needs, with a cap of 10 percent imposed by the Department. The level for school year 1995-96 was approved by the Gallaudet University Board of Trustees at its October 1994 meeting.

² The inclusion of the graduate student surcharge in fiscal year 1995 pushed the total increase for these students above the 10 percent increase cap noted in footnote one. However, the increase above the 10 percent cap only affected a small number of students because the surcharge only applied to new graduate students in school year 1994-95.

³ The revenue base used for this calculation includes restricted income from all sources, including Federal endowment matching grants, research grants, and indirect payments such as Federal student financial aid and vocational rehabilitation payments.

⁴ This amount is based on total estimated expenditures, excluding the categories of sponsored and other research, public services, and auxiliary enterprises.

⁵ The EDA Amendments of 1992 limit the enrollment of foreign students to approximately 10 percent of total enrollment. Gallaudet requested permission of the Department to exclude English Language Institute (ELI) students from the count of foreign students because these students are special students who are not enrolled in either the preparatory program or regular University programs and tuition from these students covers their direct educational costs. The Department notified Gallaudet that it could exclude ELI students from the enrollment figures if the program becomes fully self-supporting, including both direct and indirect costs. The University plans to make the program fully self-supporting by fiscal year 1995 and to exclude these students from the enrollment figures beginning with academic year 1994-95. The ELI program enrolled 11 students in academic year 1993-94, 25 in 1994-95, and estimates that it will enroll 25 in 1995-96.

⁶ The method used to collect data on the number of products distributed has changed, resulting in a larger number reported as distributed. Gallaudet is placing an increased emphasis on reporting outreach activities in more detail and has established procedures to more accurately assess activities and gather data on a more regular basis.

⁷ This number is substantially higher than that reported in prior years. Gallaudet credits the development of an improved data collection system and the addition into the calculation of hours spent by the minority student affairs office and resident life office for the higher number for student contact hours.

⁸ The student ratios for MSSD and KDES in this display represent the total enrollment divided by budgeted faculty positions. This is the same method used for calculating the ratio for university faculty programs. The University changed its method for calculating these numbers in 1988. Previously, the ratios were calculated on the basis of average class size.

Department of Education
VOCATIONAL AND ADULT EDUCATION
Fiscal Year 1996 Budget Request

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VOCATIONAL AND ADULT EDUCATION

[For carrying out, to the extent not otherwise provided, the Carl D. Perkins Vocational and Applied Technology Education Act, the Adult Education Act, the National Literacy Act of 1991, and the Stewart B. McKinney Homeless Assistance Act, \$1,473,175,000, of which \$1,470,256,000 shall become available on July 1, 1995 and shall remain available through September 30, 1996:¹ *Provided*, That of the amounts made available under the Carl D. Perkins Vocational and Applied Technology Education Act, \$400,000 of the amount available for Tech-Prep shall be for evaluation of the program² and \$34,535,000 shall be for national programs under title IV,³ including \$7,851,000 for research,⁴ of which \$6,000,000 shall be for the National Center for Research on Vocational Education;⁵ \$20,684,000 for demonstrations, notwithstanding section 411(b),⁶ and \$6,000,000 for data systems:⁷ *Provided further*, That of the amounts made available under the Adult Education Act, \$3,900,000 shall be for national programs under section 383,⁸ and \$4,869,000 shall be for the National Institute for Literacy under section 384⁹.] (*Department of Education Appropriations Act, 1995.*)

NOTES

Each language provision that is followed by a footnote reference is explained in the Analysis of Language Provisions and Changes document which follows the appropriation language.

This language is deleted in its entirety because all 1996 amounts requested for programs in this account are requested under proposed legislation.

(Rescission Proposal)

VOCATIONAL AND ADULT EDUCATION

Of the funds made available under this heading in Public Law 103-333, \$43,888,000 are rescinded, of which \$9,479,000 are rescinded from funds made available for title III, part A of the Carl D. Perkins Vocational and Applied Technology Education Act and \$34,409,000 are rescinded from funds made available for title III, part B of that Act.

VOCATIONAL AND ADULT EDUCATION

Analysis of Language Provisions and Changes

Language Provision	Explanation
¹ ...\$1,473,175,000, of which \$1,470,256,000 shall become available on July 1, 1995 and remain available through September 30, 1996:...	This language made funding for all programs in the account, except the amount for Tribally Controlled Postsecondary Vocational Institutions, available for obligation on a "forward-funded" basis.
² ...\$400,000 of the amount available for Tech-Prep shall be for evaluation of the program...	This language enabled the Secretary to set aside program funds to conduct the congressionally required evaluation of the Tech-Prep Education program.
³ ...\$34,535,000 shall be for national programs under title IV,...	This language provided a specific amount for the National Programs authorized under Title IV of the Perkins Act, overriding the requirement that 2.5 percent of the combined amount appropriated for Titles I (other than Section 112), II, and IV (other than Part E) be set aside for those programs.
⁴ ...including \$7,851,000 for research,...	This language provided a specific amount for Research, overriding the statutory requirement that 30 percent of the funds provided for Title IV National Programs be used for Research.
⁵ ...of which \$6,000,000 shall be for the National Center for Research on Vocational Education...	Within the Research activity, this language earmarked \$6,000,000 for the National Center for Research in Vocational Education (NCRVE), overriding the statutory provision that 90 percent of the funds appropriated for Title IV, Part A Research activities support NCRVE.

VOCATIONAL AND ADULT EDUCATION

Analysis of Language Provisions and Changes – Continued

Language Provision	Explanation
⁶ ...\$20,684,000 for demonstrations, notwithstanding section 411(b);...	This language provided a specific amount for Demonstrations, overriding statutory language requiring that 30 percent of National Programs funds be used for Demonstrations, and overrode a requirement that the Secretary give priority to carrying out two specific types of demonstration projects.
⁷ ...and \$6,000,000 for data systems:...	This language provided a specific amount for data collection activities, overriding a statutory requirement that 40 percent of National Programs funds be used for data collection.
⁸ ...\$3,900,000 shall be for national programs under section 383,...	This language provided a specific amount for National Programs authorized under Part D, Section 383 of the Adult Education Act, overriding the statutory cap of \$3,000,000.
⁹ ...and \$4,869,000 shall be for the National Institute for Literacy under section 384.	This language provided a specific amount for the National Institute for Literacy authorized under Part D, Section 384 of the Adult Education Act, overriding the statutory cap of \$3,000,000 for Part D programs.

Note – This language is deleted in its entirety because all 1996 amounts requested for programs in this account are requested under proposed legislation.

VOCATIONAL AND ADULT EDUCATION

Amounts Available for Obligation
(\$ in 000s)

	1994	1995	1996
<u>Current authority:</u>			
Annual appropriation	\$1,481,183	\$1,473,175	\$1,668,575
Proposed rescission	<u>0</u>	<u>-43,888</u>	<u>0</u>
Subtotal, current authority	1,481,183	1,429,287	\$1,668,575
Comparative transfer from Department of Labor for: Adult education and family literacy: State grants	78,913	84,161	0
Subtotal, comparable current authority	1,560,096	1,513,448	1,668,575
<u>Permanent authority:</u>			
Appropriation	7,148	7,148	0
Spending authority from offsetting collections	958	0	0
Subtotal, gross budget authority	1,568,202	1,520,596	1,668,575
Recovery of prior-year obligations	585	0	0
Unobligated balance, start of year	89,262	122,570	11
Unobligated balance, end of year	-122,570	-11	-11

VOCATIONAL AND ADULT EDUCATION

Amounts Available for Obligation
(\$ in 000s)

	1994	1995	1996
Unobligated balance expiring	-\$381	0	0
Total obligations	1,535,098 ¹	\$1,643,155 ¹	\$1,668,575

¹ Includes the following amounts for reimbursable activities carried out by this account: 1994 - \$906,000; 1995 - \$52,000.

VOCATIONAL AND ADULT EDUCATION

Obligations by Object
(\$ in 000s)

	1994	1995	1995 Revised	1996
Full-time permanent	\$635	\$699	\$699	\$725
Civilian personnel benefits	112	123	123	127
Travel and transportation of persons	77	85	85	50
Transportation of things	13	14	14	2
Rent	240	240	240	240
Communications, utilities, and miscellaneous charges	47	52	52	28
Printing and reproduction	55	61	61	32
Advisory and assistance services	2,721	2,994	2,994	32
Other services:				
Peer review	0	176	176	28
Other services	<u>3,583</u>	<u>4,078</u>	<u>4,078</u>	<u>90</u>
Subtotal, Other	3,583	4,254	4,254	118
Purchases of goods and services from Government accounts	1,469	1,616	1,616	34
Operation of GOCOs	5	6	6	0
Research and development contracts	2,406	2,647	2,647	0
Supplies and materials	37	41	41	34
Equipment	48	53	53	26
Grants, subsidies and contributions	<u>1,515,596</u>	<u>1,666,958</u>	<u>1,623,070</u>	<u>1,667,127</u>
Total	1,527,044	1,679,843	1,635,955	1,668,575

NOTES

The totals for fiscal years 1994 and 1995 exclude \$7.148 million in obligations from the permanent (Smith-Hughes) appropriation and obligations from reimbursable activities.

Amounts shown in 1995 and 1996 for advisory and assistance services reflect estimates of contracts that may be classified as such; these amounts may change once the funds are obligated.

VOCATIONAL AND ADULT EDUCATION

Summary of Changes
(\$ in 000s)

1995	\$1,557,336	¹
1995 Proposed rescission	<u>-43,888</u>	
Total estimated budget authority	1,513,448	
1996	<u>1,668,575</u>	
Net change	+155,127	

	<u>1995 base</u>	<u>Change from base</u>
<u>Increases:</u>		
<u>Program:</u>		
Increase to begin funding a consolidated Vocational Education State Grants program to prepare in-school youth for good jobs and further education and training.	0	+\$1,141,088
Increase for a new Vocational Education National Programs authority to support evaluation, technical assistance, research, and development activities.	0	+37,000
Increase to initiate funding for the Adult Education and Family Literacy consolidated State Grants program designed to help adults succeed in their roles as workers, parents, and citizens.	0	+479,487
Increase for a new Adult Education and Family Literacy National Programs authority designed to support State program improvement efforts.	0	+11,000
Subtotal, increases		+1,668,575

VOCATIONAL AND ADULT EDUCATIONSummary of Changes

	<u>1995 base</u>	<u>Change from base</u>
Decreases:		
<u>Program:</u>		
Elimination of funding for the current Vocational Education program to initiate a consolidated Vocational Education State formula grant program and a National Programs authority designed to support State and local school-to-work reform efforts.	\$1,127,052 ²	-\$1,127,052
Elimination of funding for Adult Education to consolidate adult education programs, Even Start, Library Literacy, and related Job Training Partnership Act programs into a new Adult Education and Family Literacy program comprised of a unified State grant and a National Programs authority.	386,396 ³	<u>-386,396</u>
Subtotal, decreases		-1,513,448
Net change		+155,127

¹ Excludes \$7.148 million permanent (Smith-Hughes) appropriation.

² Reflects a proposed rescission of \$43.888 million.

³ Adjusted for comparability. Includes \$84.161 million for adult literacy training activities carried out under the Job Training Partnership Act in the Department of Labor. Such activities would be carried out by the Department of Education beginning in 1996 as part of the Administration's GI Bill for America's Workers.

VOCATIONAL AND ADULT EDUCATION

Authorizing Legislation

Activity	1995 Authorized	1995 Estimate	1996 Authorized	1996 Request
Vocational education consolidation:				
State grants (<i>proposed legislation</i>)	--	--	To be determined	\$1,141,088,000
National programs (<i>proposed legislation</i>)	--	--	To be determined	37,000,000
Vocational education (CDPVATEA)				
Basic grants:				
Basic State grants (<i>Title II</i>)	Indefinite ¹	\$955,626,000	Indefinite ^{1,2}	0
Territorial set-aside (<i>Section 101A</i>)	Indefinite ³	2,015,000	Indefinite ^{2,3}	0
Indian and Hawaiian natives set-aside (<i>Section 103</i>)	Indefinite ⁴	15,109,000	Indefinite ^{2,4}	(5)
Community-based organizations (<i>Title III-A</i>)	Indefinite	0 ⁵	Indefinite ²	0
Consumer and homemaking education (<i>Title III-B</i>)	Indefinite	0 ⁷	Indefinite ²	0
Tech-prep education (<i>Title III-E</i>)	Indefinite	108,000,000	Indefinite ²	0
Tribally controlled postsecondary vocational education (<i>Title III-H</i>)	Indefinite	2,919,000	Indefinite ²	(8)
State councils (<i>Section 112</i>)	Indefinite	8,848,000	Indefinite ²	0
National programs:				
Research (<i>Title IV-A</i>)	Indefinite ⁹	7,851,000	Indefinite ^{2,9}	0
Demonstrations (<i>Title IV-B</i>)	Indefinite ⁹	20,684,000	Indefinite ^{2,9}	0
National Occupational Information Coordinating Committee (<i>Title IV-C, Section 422</i>)	Indefinite ⁹	6,000,000	Indefinite ^{2,9}	0
Permanent appropriation (<i>Smith-Hughes Act</i>)	\$7,148,000	7,148,000	\$7,148,000	0

VOCATIONAL AND ADULT EDUCATION

Authorizing Legislation -- Continued

Activity	1995 Authorized	1995 Estimate	1996 Authorized	1996 Request
Adult education and family literacy:				
State grants (proposed legislation)	---	---	To be determined	\$479,487,000
National programs (proposed legislation)	---	---	To be determined	11,000,000
Adult education:				
State programs (AEA-B)	Indefinite	\$336,506,000 ¹⁰	Indefinite ²	0
National programs:				
Evaluation and technical assistance (AEA-383, 384 (a) and (b))	\$3,000,000 ¹¹	3,900,000	\$3,000,000 ^{2,11}	0
National Institute for Literacy (AEA-384(c))	15,000,000	4,869,000	15,000,000	0
State literacy resource centers (AEA-B-7)	Indefinite	7,787,000	Indefinite ²	0
Workplace literacy partnerships (AEA-C-371)	Indefinite	18,736,000	Indefinite ²	0
Literacy training for homeless adults (SBMHAA-VII-A)	Indefinite	9,498,000	Indefinite	0
Literacy programs for prisoners (NLA-VI-601)	25,000,000	5,100,000	25,000,000 ²	0
Unfunded authorizations:				
Comprehensive career guidance and counseling (CDPVATEA-III-C)	Indefinite ¹²	0	Indefinite ^{2,12}	0
Business-labor-education partnership for training (CDPVATEA-III-D)	Indefinite ¹²	0	Indefinite ^{2,12}	0

VOCATIONAL AND ADULT EDUCATION

Authorizing Legislation -- Continued

Activity	1995 Authorized	1995 Estimate	1996 Authorized	1996 Request
Unfunded authorizations (cont'd):				
Supplementary grants (CDPVATEA-III-F)	Indefinite	0	Indefinite ²	0
Community education employment centers and vocational education lighthouse schools (CDPVATEA-III-G)	Indefinite ¹²	0	Indefinite ^{2, 12}	0
Bilingual vocational training (CDPVATEA-IV-E)	Indefinite	0	Indefinite ²	0
Commercial driver literacy (AEA-373)	Indefinite	0	Indefinite ²	0
Total definite authorization	\$50,148,000		\$50,148,000	
Total annual appropriation		\$1,513,448,000		\$1,668,575,000
Total permanent appropriation		7,148,000		0

¹ The Carl D. Perkins Vocational and Applied Technology Education Act specifies that 95.8 percent of the combined amounts appropriated for Titles I (other than Section 112), II, and IV (other than Part E) be used for Basic State Grants.

² The GEPA extension applies through September 30, 1996.

³ The Carl D. Perkins Vocational and Applied Technology Education Act specifies that 0.2 percent of the combined amounts appropriated for Titles I (other than Section 112), II, and IV (other than Part E) be set aside for the Territories.

⁴ The Carl D. Perkins Vocational and Applied Technology Education Act specifies that 1.5 percent of the combined amounts appropriated for Titles I (other than Section 112), II, and IV (other than Part E) be set aside for Indian and Hawaiian Natives programs.

⁵ The restructured Perkins Act would support funding for an Indian set-aside at the same level as current law.

⁶ Reflects a proposed rescission of \$9,479,000.

⁷ Reflects a proposed rescission of \$34,409,000.

⁸ The restructured Perkins Act would support funding for these institutions at the same level as current law.

VOCATIONAL AND ADULT EDUCATION

Authorizing Legislation -- Continued

⁹ The Carl D. Perkins Vocational and Applied Technology Education Act specifies that 2.5 percent of the combined amounts appropriated for Titles I (other than Section 112), II, and IV (other than Part E) be set aside for National Programs. Of this amount, 30 percent is to be used for Research, 30 percent for Demonstrations, and 40 percent for Data Systems, of which 22 percent is for the National Occupational Information Coordinating Committee.

¹⁰ Adjusted for comparability. Includes \$94,161,000 for literacy training previously carried out under the Job Training Partnership Act in the Department of Labor; such activities would be carried out by the Department of Education as part of the Administration's Education, Training, and Reemployment initiative.

¹¹ Under the Adult Education Act, the Secretary may reserve up to \$3 million for Part D National Programs if the overall appropriation exceeds \$108 million. The remainder is available for State programs.

¹² No funds are authorized for parts C, D, or G of Title III of the Carl D. Perkins Vocational and Applied Technology Education Act unless the appropriation for Title II exceeds \$1 billion.

VOCATIONAL AND ADULT EDUCATION

Table of Estimates and Appropriations

	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1987	\$504,974	\$1,020,119	\$943,163	\$980,800
1987 Rescission	-432,319	—	—	—
1988	130,000	1,029,600	1,072,450	1,005,557
1989	1,031,095	1,091,966	1,084,130	1,073,466
1990	1,114,904	1,151,035	1,126,239	1,138,040
1990 Sequester	—	—	—	-15,570
1991	1,169,389	245,000 ¹	1,244,879	1,245,536
1991 Sequester	—	—	—	-16
1992	1,264,519	1,651,500	1,403,333	1,435,460
1993	1,447,260	1,509,016	1,492,836	1,474,243
1994	1,447,566	1,474,243	1,483,433	1,481,183
1995	1,447,265	1,456,383	1,475,736	1,473,175
1995 Rescission	-43,888			
1996	1,668,575			

¹ The House deferred action on vocational education pending enactment of authorizing legislation.

NOTE.—Excludes permanent appropriation of \$7 148 million for all years; in 1990 \$100,000 of the permanent appropriation was sequestered. In 1996 the permanent appropriation is proposed for repeal.

VOCATIONAL AND ADULT EDUCATION

Significant Items in FY 1995 Appropriations Reports

Vocational Education Model Community Education Employment Centers

- Senate:** The Committee believes that there is a need to test and evaluate these model educational centers designed to assist low-income students in rural and urban areas in overcoming barriers to education and securing employment. The Committee directs the Department of Education to fund no more than four model centers nationwide and expects the Department to divide the funds proportionately. The Committee notes that economically disadvantaged students in low-income school districts in New Jersey would benefit greatly from the extensive services offered in these model centers. The Committee encourages the Department to test the success of the CEEC model in an urban school district in New Jersey, where students face various barriers to education and employment that the program is designed to address.
- Response:** In fiscal year 1993, the Department awarded the first year of three-year grants to five community education employment centers. Fiscal year 1994 (\$3 million) and fiscal year 1995 funds (\$2 million) will support the second and third years of the competition. In fiscal year 1993, no New Jersey districts applied for funding.

Vocational Education Demonstrations - Manufacturing Technologies

- Senate:** The Committee recommendation includes \$1.5 million for manufacturing technologies demonstration projects.
- Response:** With fiscal year 1993 funds, the Department awarded close to \$1.5 million for two manufacturing technologies demonstration projects. The Department will continue these awards with \$2 million of fiscal year 1994 funds. Given the competing demands for resources and the fact that two manufacturing technologies demonstrations will have just been completed, the Department does not plan to conduct an additional competition in this area with fiscal year 1995 funds.

Vocational Education Demonstrations - Native Hawaiian Initiative

- Senate:** In fiscal year 1994 the Committee provided \$500,000 for a special native Hawaiian vocational education demonstration initiative which would target high-risk youth. The Committee recommends \$500,000 to continue this program and expects regular implementation reports from the Department on a timely basis.

VOCATIONAL AND ADULT EDUCATIONSignificant Items in FY 1995 Appropriations Reports -- Continued**Vocational Education Demonstrations - Native Hawaiian Initiative -- Continued**

Response: The Department awarded a \$900,000 contract for a Native Hawaiian at-risk youth demonstration project, using fiscal year 1993 and fiscal year 1994 funds, in September 1994. The Department will provide the Committee with implementation reports regarding this contract. If the contractor makes substantial progress toward its objectives, the Department will use \$500,000 in fiscal year 1995 funds to extend the contract for a third and final year.

Vocational Education Demonstrations - Dislocated Workers

Senate: The Committee directs the Department to devote special attention to the needs of dislocated workers. Changes in Federal environmental and defense policy have resulted in thousands of dislocated workers in the Northwest and Appalachian regions of this country. Over the past several years, the Committee has requested that the Department undertake demonstration projects to address the needs of dislocated workers; however, the Department has taken no action with regard to this directive. Therefore, the Committee has included \$3 million for this initiative and expects that aggressive steps be taken to address this issue, including the development of specialized training programs, support for innovative demonstration projects, collaborative efforts with the Department of Labor, and technical assistance.

Response: The Department plans to address this directive in 1995 and has initiated discussions with the Department of Labor to determine how best to address the education and training needs of dislocated workers.

Vocational Education Demonstrations - Center for Emerging Technologies

Senate: The Committee has included \$500,000 for a pilot project to develop a center for emerging technologies, and urges that full and fair consideration be given to an application from Bellevue Community College for this award. This project would develop a pioneering model for State higher education systems by providing an environment where industry and education work together to cooperatively train people for employment opportunities.

Response: The Department is developing a plan for the expenditure of fiscal year 1995 Vocational Education Demonstrations funds. Because these funds are limited, the plan would combine the concepts behind the Center for Emerging Technologies directive and Alternative Career Opportunities in Timber Communities directive into a grant competition focused on improving career opportunities for individuals in economically depressed communities.

VOCATIONAL AND ADULT EDUCATION

Significant Items in FY 1995 Appropriations Reports -- Continued

Vocational Education Demonstrations - Alternative Career Opportunities in Timber Communities

Senate: The Committee recognizes the need to address career opportunities for high school age individuals in economically depressed timber communities. Therefore, the Committee has included \$500,000 for a demonstration in southwest Washington State developing alternative career opportunities for high school age individuals in conjunction with local education agencies.

Response: The Department is developing a plan for the expenditure of fiscal year 1995 Vocational Education Demonstrations funds. Because these funds are limited, the plan would combine the concepts behind the Center for Emerging Technologies directive and Alternative Career Opportunities in Timber Communities directive into a grant competition focused on improving career opportunities for individuals in economically depressed communities.

Vocational Education Demonstrations - Student/Teacher Motivational Incentive Program

Senate: The Committee directs the Secretary to provide \$500,000 to develop a program modeled after the Butler County Area Vocational-Technical School in Butler, PA. The Student/Teacher Motivational Incentive Program offers students unique incentives to be in school every day, get good grades, and have perfect attendance. The program stresses activities that develop enhanced communication skills, group dynamics, problem solving, team building, and leadership qualities. Since the inception of this program, the school has seen a dramatic increase in enrollment, a drop in discipline problems, and a change in morale and self-esteem.

Response: The Department is developing a plan for the expenditure of fiscal year 1995 Vocational Education Demonstrations funds and will consider how a project to replicate the Butler County Student/Teacher Motivational Incentive program would fit within the purposes of the Vocational Education Demonstrations program and the Department's priorities.

Adult Education -- Work Force Literacy Training Grant

Senate: The Committee has provided \$500,000 for a work force literacy training grant. The program is designed to provide literacy assistance which would improve the productivity of the work force through improvement of literacy skills needed in the work force. The community of Great Falls, MT, has been active in these efforts and the Great Falls Area Labor Management Committee would be an ideal recipient of this grant.

VOCATIONAL AND ADULT EDUCATION

Significant Items in FY 1995 Appropriations Reports – ContinuedAdult Education – Work Force Literacy Training Grant – Continued

Response: With the fiscal year 1993 appropriation for Workplace Literacy Partnerships, the Department awarded the first year of three-year grants in September 1994. The Department will require the entire fiscal year 1995 appropriation, which is \$170,000 less than Congress provided in fiscal year 1993, to continue these activities. As no funds will remain and no additional funds were appropriated for the Work Force Literacy Training Grant, the Department will not have the resources to fund such a grant.

VOCATIONAL AND ADULT EDUCATION

Summary of Request (\$ in 000s)

	1995	1995 Revised	1996	Change from 1995 Revised
Vocational education consolidation (proposed legislation):				
State grants	0	0	\$1,141,088	+\$1,141,088
National programs	0	0	37,000	+37,000
Subtotal	0	0	1,178,088	+1,178,088
Basic grants:				
Basic State grants	\$955,626	\$955,626	0	-955,626
Territorial set-aside	2,015	2,015	0	-2,015
Indian and Hawaiian natives set-aside	15,109	15,109	(1)	-15,109
Subtotal	972,750	972,750	0	-972,750
Community-based organizations				
Consumer and homemaking education	9,479	0	0	0
Tech-prep education	34,409	0	0	0
Tribally controlled post-secondary	108,000	108,000	0	-108,000
vocational institutions	2,919	2,919	(2)	-2,919
State councils	8,848	8,848	0	-8,848
National programs:				
Research	7,851	7,851	0	-7,851
Demonstrations	20,684	20,684	0	-20,684
National Occupational Information				
Coordinating Committee	6,000	6,000	0	-6,000
Subtotal	34,535	34,535	0	-34,535
Subtotal, vocational education	1,170,940	1,127,052	1,178,088	+51,036

VOCATIONAL AND ADULT EDUCATION

Summary of Request
(\$ in 000s)

	1995	1995 Revised	1996	Change from 1995 Revised
Adult education and family literacy (proposed legislation):				
State grants (proposed legislation)	0	0		
Adult education State programs	\$252,345	\$252,345	\$479,487	+\$479,487
JTPA adult literacy training	<u>84,161³</u>	<u>84,161³</u>	<u>0</u>	<u>-252,345</u>
				<u>-84,161</u>
Subtotal	336,506	336,506	479,487	+142,981
National programs:				
National programs (proposed legislation)	0	0		
Evaluation and technical assistance	3,900	3,900	11,000	+11,000
National Institute for Literacy	<u>4,869</u>	<u>4,869</u>	<u>0</u>	<u>-3,900</u>
				<u>-4,869</u>
Subtotal	8,769	8,769	11,000	+2,231
State literacy resource centers	7,787	7,787	0	-7,787
Workplace literacy partnerships	18,736	18,736	0	-18,736
Literacy training for homeless adults	9,498	9,498	0	-9,498
Literacy programs for prisoners	<u>5,100</u>	<u>5,100</u>	<u>0</u>	<u>-5,100</u>
Subtotal, adult education	<u>386,396</u>	<u>386,396</u>	<u>490,487</u>	<u>+104,091</u>
Total	1,557,336	1,513,448	1,668,575	+155,127

¹ The restructured Perkins Act would support funding for an Indian set-aside at the same level as current law.² The restructured Perkins Act would support funding for these institutions at the same level as current law.³ Adjusted for comparability. Amount for 1995 was appropriated to the Department of Labor for Job Training Partnership Act adult literacy training activities, which will be carried out by the Department of Education beginning in 1996.

VOCATIONAL AND ADULT EDUCATION

Summary of Request

Americans must prepare for a world in which new technologies and global competition are reshaping the industrial landscape. Today good jobs require a combination of sound academic skills and broad-based occupational skills training. In the past, Americans who had limited vocational, language, or computational skills could strive for and attain entry-level positions in semi-skilled, high-wage manufacturing occupations. These jobs are increasingly being phased out; getting jobs with high-wage potential now requires higher entry-level skills.

Unfortunately, estimates from the Department of Labor indicate that three-fourths of the individuals entering the American workforce between now and the year 2000 will have limited verbal and computational skills, while most new jobs during that period will require increasingly complex skills to meet the technological demands of the workplace. Statistics show that our economy rewards those with more skills. Every year of job training beyond high school -- whenever it occurs in a person's life -- increases future earnings by 6 to 12 percent.

On December 15, 1994, the President announced a new Middle Class Bill of Rights for American families, which includes a GI Bill for America's Workers. As part of this initiative, for 1996, the Administration will consolidate and restructure nearly 70 separate programs into a streamlined system to empower youth and adults to get the education and skills they need for new and better jobs. The programs in the vocational and adult education account are central to this goal. The Department will propose a new, restructured program of vocational education assistance and a new Adult Education and Family Literacy Act.

These initiatives are based on the following objectives:

- promoting access to high-quality education and training;
- providing States and communities the flexibility to use Federal funds to support the services most needed by their citizens; and
- improving program quality and accountability.

For fiscal year 1996, the Department requests a total of \$1.7 billion for these proposals, that, consistent with these objectives, will prepare youth and adults to meet the challenges of the 21st century.

Vocational Education Consolidation

With the American economy in transition, increasing global challenges to our economic competitiveness, and more jobs requiring a high level of technical expertise, our education and training systems must produce greater numbers of skilled and adaptable workers than in the past. By strengthening opportunities for all in-school youth to obtain the academic and occupational skills needed for further education and careers, the restructured vocational

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Summary of Request

education program will help ensure that future generations of American workers have the skills businesses value.

The Administration proposes replacing the vocational education programs funded in fiscal year 1995 with a two-part program: \$1.1 billion for State Grants and \$37 million for National Programs. The State Grants program would support a single grant for States and Territories, with a set-aside for Indian programs, designed to be more flexible and to assist with the implementation of the educational components of State and local school-to-work transition systems, which are being planned and developed with the assistance of the School-to-Work Opportunities Act. A National Programs authority would support research, development, evaluations, demonstrations, and capacity building in such areas as high-quality professional development and innovative uses of technology. States would have the opportunity to merge these resources with Labor Department youth grants and with other Education grants into a single youth strategy.

The Department's request also proposes the repeal of the Smith-Hughes Act permanent appropriation for vocational education activities. The funds from the Act, which support Basic State Grants, the Territorial set-aside, the Indian and Hawaiian Natives set-aside, and National Programs, would be subsumed in the restructured vocational education program.

Adult Education and Family Literacy Consolidation

In addition to providing opportunities for in-school youth, the Administration's workforce development agenda addresses the needs of the millions of Americans who lack the literacy skills necessary to benefit from job training, obtain good jobs, and be effective parents. In 1993, the National Adult Literacy Survey found that over 20 percent of adults in this country have only the lowest level of basic skills. These adults are performing at or below the fifth grade level in reading and math -- far below the level needed to compete for career employment. Research also shows that greater family involvement in children's learning is a critical link to achieving a high-quality education and a disciplined learning environment for every student. Improving the literacy level of parents will result in higher academic achievement for their children.

To help adult Americans improve their literacy skills, the Department requests \$490 million for adult education and family literacy. For the State Grants program, the Administration proposes to consolidate all adult education programs, Even Start, Library Literacy, and related Job Training Partnership Act programs, currently operated by the Department of Labor, into a single State grant. Each State would have the flexibility to support family literacy, adult secondary education, adult basic education, and English-as-a-second language programs according to its needs and objectives. The Department requests \$479 million for this activity. States would have the flexibility to integrate these resources with Department of Labor and other Education programs for adults and youth into integrated workforce development

VOCATIONAL AND ADULT EDUCATION**Summary of Request**

systems. An additional \$11 million is requested for National Programs. Adult education and family literacy national programs would focus on improving program quality through research, technical assistance, and evaluation activities, including support for the National Institute for Literacy.

VOCATIONAL AND ADULT EDUCATION

Vocational education consolidation: State grants (proposed legislation)

1996 Authorization (\$ in 000s): To be determined

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
0	\$1,141,088	+\$1,141,088

PURPOSE AND METHOD OF OPERATION

The restructuring of vocational education programs would build on the foundation of the School-to-Work Opportunities Act and the parallel reforms of the Department of Labor's youth program by giving States and schools flexible resources to improve the quality of their vocational education programs and help prepare young people with the knowledge and skills they need for further education and training and for first jobs in high-skill, high-wage careers. The School-to-Work Opportunities Act provides seed capital to States to develop the infrastructure for statewide school-to-work transition systems for in-school and out-of-school youth. That Act requires that States use other Federal resources, including vocational education and job training funds, to improve school-based and work-based learning opportunities. When the School-to-Work Opportunities program ends in the year 2001, the Administration's proposed restructured vocational education assistance would continue as core Federal assistance for school-to-work transition and high-quality vocational education.

By transforming current State set-asides and discretionary programs into a single, consolidated grant for States and Territories, with a set-aside for Indian programs, the restructured vocational education program would eliminate unnecessary administrative requirements and duplicative programs. Separate formula programs, such as Community-Based Organizations and Consumer and Homemaking Education, would be eliminated, although the new grant would allow States the flexibility to continue the types of activities funded under these authorities. The funding formula would be simplified by basing State allocations on two age cohorts (15-19 and 20-24), rather than the three age ranges (15-19, 20-24, and 25-65) specified in current law. These significant changes would enable grantees to focus on implementing high-quality school-to-work programs for in-school youth across the country. Grantees would use Perkins funds primarily to: develop and implement

VOCATIONAL AND ADULT EDUCATION

Vocational education consolidation: State grants

programs that meet school-to-work criteria, for example, programs that offer school- and work-based instruction, and for programs that integrate academic and vocational education. Grantees would have the authority to integrate these funds with Department of Labor and other Department of Education youth resources into a single program strategy.

1996 BUDGET REQUEST

The Department seeks \$1.1 billion in fiscal year 1996 for a streamlined vocational education program as part of the President's GI Bill for America's Workers. This aspect of the Administration's initiative is further supported by research findings. For example, in July 1994, the Independent Advisory Panel of the National Assessment of Vocational Education (NAVE) recommended a radical transformation of vocational education to make it responsive to America's changing economy. The Panel suggested that better vocational education is needed to meet world-class levels of productivity and competitiveness. However, while some vocational education reforms have succeeded, a significant part of the field, particularly at the secondary level, has failed to put into place a system of reforms to teach the skills employers need. The NAVE found, for example, that: most districts do not meet the Perkins Act requirement to provide a coherent sequence of academic and vocational courses; and secondary vocational students do not have a clear, consistent, and sizable labor market advantage over general track students.

The Advisory Panel suggested that the Perkins Act, which they called "the federal government's principal instrument for improving the quality of vocational education in America," be restructured to focus on three areas. First, vocational education should become part of a reformed American system of education and training. Second, vocational education should be high-quality and competency-based and must involve industry. Third, all students, including the disadvantaged, limited English proficient, and others from special populations, should have access to vocational education.

The Administration has designed concepts to restructure the Perkins Act that are responsive to both the NAVE's findings and the Advisory Panel's recommendations. The restructured vocational education program would be the foundation of a school-to-work system for in-school youth. This key component of the Administration's strategy to promote lifelong learning and economic security for American workers and their families would provide in-school youth with the opportunity to obtain the academic and occupational skills they need for success in the workplace. The following four principles demonstrate further how the reauthorization would lead to program improvement:

- Consolidation. The new legislation would reverse the proliferation of separate formula and discretionary vocational education programs by creating a single grant to States

VOCATIONAL AND ADULT EDUCATION

Vocational education consolidation: State grants

and Territories, with a set-aside for Indian programs. This change would result in administrative savings and provide the opportunity for States to enunciate a clear framework of Federal program goals.

- Focus. The NAVE found that students completing vocational education programs with the features stressed in the School-to-Work Opportunities Act are more likely to find training-related jobs and earn more, and less likely over time to be unemployed, than those who do not complete such programs. The restructured Perkins Act would increase States' ability to offer high-quality programs designed along the school-to-work model and enable greater numbers of students to participate in such programs.
- Flexibility. The proposal is designed to allow States and communities to implement School-to-Work systems that respond to local needs, putting funds from many services into an integrated system. The Administration's proposal would enable States to engage in joint planning for in-school and out-of-school youth or to establish a uniform performance measurement system for Federal education and job training programs. In addition, the new program would continue to allow States to reserve a portion of their State grant for State-level activities, but the specific set-asides for sex equity, single parents/displaced homemakers, and corrections would be eliminated, thereby allowing States to determine how funds would best be used.
- Accountability for performance. Current law does not provide sufficiently for State and local accountability for consistent, ambitious educational and employment outcomes. In exchange for flexibility provisions such as those described above, the new program would require States to report student outcomes, such as those included in the School-to-Work Opportunities Act: high academic achievement, high school graduation, receipt of a skill certificate benchmarked to the national standards, postsecondary attendance, attainment of a postsecondary degree, and job placement. Consistent with the NAVE Advisory Panel's recommendation, American businesses would continue to be involved in the development of skills standards so that those standards reflect the skills firms seek.

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Vocational education consolidation: National programs (proposed legislation)

1996 Authorization (\$ in 000s): To be determined

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
0	\$37,000	+\$37,000

PURPOSE AND METHOD OF OPERATION

The current National Programs law includes a prescriptive research authority and an array of separate demonstration programs. To promote the overall improvement of vocational education, the Department is proposing to replace those categorical programs with a broad authority for research, development, demonstrations, dissemination, evaluation, and technical assistance, as well as development, with States, of performance standards and measures systems. Within this broad program, the restructured Perkins Act would also replace the current professional development demonstrations authority with an authorization for support of intensive programs providing educators with the skills and knowledge necessary to deliver high-quality programs.

1996 BUDGET REQUEST

The Department's request of \$37 million for a new National Programs authority would give the Department greater flexibility to assist vocational educators' program improvement efforts. In addition to those activities described above, the new law would provide for a new National Assessment of Vocational Education to evaluate the success of the restructured program. It would also retain authority for a national center or centers for research on vocational education but would eliminate some of the current law's more burdensome requirements. All efforts would be directed toward helping States offer high-quality vocational education programs, designed along the school-to-work model, that would prepare in-school youth for challenging careers or further study. To ensure the appropriateness of the activities pursued under the new authority, the Department would consult with educators and business leaders on the design and implementation of the new programs.

VOCATIONAL AND ADULT EDUCATION

Vocational education: Basic State grants and Territorial set-aside

(Carl D. Perkins Vocational and Applied Technology Education Act, Title I, Section 101A and Title II)

1996 Authorization (\$ in 000s): Indefinite ^{1, 2}

Budget Authority (\$ in 000s):

	<u>1995</u>	<u>1996</u>	<u>Change</u>
Basic State grants	\$955,626	0	-\$955,626
Territorial set-aside	<u>2,015</u>	0	<u>-2,015</u>
Total	957,641 ³	0	-957,641

¹ The authorizing statute provides that, of the combined amounts appropriated for Titles I (other than Section 112), II, and IV (other than Part E), 95.8 percent is authorized for Basic State Grants and 0.2 percent authorized for the Territories.

² The GEPA extension applies through September 30, 1996.

³ Excludes \$6.862 million available for Basic Grants and the Territories from the permanent (Smith-Hughes) appropriation.

PURPOSE AND METHOD OF OPERATION

Basic State Grants assist States and Outlying Areas to expand and improve their programs of vocational education and provide equal access in vocational education to special needs populations. States use these funds to support a variety of vocational education programs developed in accordance with a State plan. The populations assisted by Basic Grants range from secondary students in pre-vocational courses through adults who need retraining to adapt to changing technological and labor market conditions.

For States receiving Basic Grants, the Carl D. Perkins Vocational and Applied Technology Education Act:

- Provides that funds to local school districts for secondary-level programs must be allocated according to an intra-state formula based on: (1) ESEA Title I Basic Grant allocations, (2) enrollment of individuals with disabilities, and (3) enrollment in vocational education programs. Funds distributed by the States to postsecondary institutions are allocated based on the number of Pell grant and BIA assistance recipients enrolled in vocational education programs.

VOCATIONAL AND ADULT EDUCATION

Vocational education: Basic State grants and Territorial set-aside

- Requires that all members of special populations be given equal access to and allowed full participation in vocational education.
- Requires States to develop and implement a system of performance standards and measures for secondary and postsecondary vocational education programs and to assess program quality based on these standards. States are also required to take action to improve local programs that continue to be ineffective after 2 years. The Perkins Act allocates funds to the States, including the District of Columbia, Puerto Rico, and the Virgin Islands, according to a formula that makes use of State per capita income and State population in three age cohorts (15-19, 20-24, and 25-65).

Under the statute, the Pacific Territories receive 0.2 percent of the total appropriated for vocational education Basic Grants and National Programs to operate the same kinds of vocational education programs as the States. Within that set-aside, Guam receives \$500,000 and the other Territories (American Samoa, the Northern Marianas, and Palau) each receive \$190,000. The Pacific Regional Educational Laboratory (PREL) receives the remaining funds generated under this set-aside to make grants for vocational education and training in the Pacific Territories, including former Territories of the Federated States of Micronesia and the Marshall Islands.

Funds for this program have been provided on a forward-funded basis. The 1995 appropriation will become available on July 1, 1995, and remain available for obligation until September 30, 1996.

Funding levels for the past 5 fiscal years were as follows:

(\$ in 000s)

	<u>State Grants</u>	<u>Territorial set-aside</u>
1991	\$841,512	\$1,762
1992	933,323	1,962
1993	955,676	2,009
1994	955,566	2,022
1995	955,626	2,015

VOCATIONAL AND ADULT EDUCATION

Vocational education: Basic State grants and Territorial set-aside

1996 BUDGET REQUEST

The Administration requests no funding for this activity. The restructured Perkins Act would authorize a single grant for States and Territories, with a set-aside for Indian programs.

IMPACT DATA (\$ in 000s) ¹

	1994	1995	1996
Number of State grants	53	53	0
Average State grant	\$18,030	\$18,031	0
Territories allocation	\$1,070	\$880 ²	0
PREL	\$952	\$1,135	0

¹ Figures do not include impact of permanent (Smith-Hughes) appropriation.

² Beginning in 1995, Palau is no longer eligible for a territorial allocation, however, Palau is still eligible for PREL funding.

VOCATIONAL AND ADULT EDUCATION

Vocational education: Basic grants: Indian and Hawaiian natives set-aside

(Carl D. Perkins Vocational and Applied Technology Education Act, Title 1, Section 103)

1996 Authorization (\$ in 000s): Indefinite ^{1,2}

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$15,109 ³	(4)	-\$15,109

¹ Under the Perkins Act, 1.5 percent of the combined appropriations for Titles I (other than Section 112), II, and IV (other than part E) is set aside for Indian and Hawaiian natives programs. Of this amount, 0.25 percent is to be used to serve Hawaiian natives and 1.25 percent funds the Indian program.

² The GEPA extension applies through September 30, 1996.

³ Excludes \$107,000 available for Indian and Hawaiian natives programs from the permanent (Smith-Hughes) appropriation.

⁴ The restructured Perkins Act would support funding for an Indian set-aside at the same level as current law.

PURPOSE AND METHOD OF OPERATION

The Indian program awards competitive grants to federally recognized Indian tribes or tribal organizations for services that are in addition to services Indians are eligible to receive under other provisions of the Perkins Act. The authorizing statute requires that the Bureau of Indian Affairs match these expenditures, but this provision has been overridden every year in the appropriations act for the Department of the Interior.

Under the Hawaiian natives program, grants are awarded competitively to organizations primarily serving and representing Hawaiian natives. Recipient organizations must be recognized by the Governor of Hawaii. Since the Governor has recognized only one organization – Alu Like, Inc. in Honolulu – only one grant has been awarded in each year of the program.

Funds for this program have been provided on a forward-funded basis. The 1995 appropriation will become available on July 1, 1995, and remain available for obligation until September 30, 1996.

VOCATIONAL AND ADULT EDUCATION

Vocational education: Indian and Hawaiian natives set-aside

Funding levels for the past 5 fiscal years were as follows:

(\$ in 000s)

1991	\$13,218
1992	14,711
1993	15,065
1994	15,162
1995	15,109

1996 BUDGET REQUEST

The Administration requests no funding for this activity. The restructured Perkins Act would authorize a single grant to States and Territories, with a set-aside for Indian programs.

IMPACT DATA (\$ in 000s) ¹

	1994	1995	1996
Indian program	\$12,594	\$12,526	(2)
Number of awards	35	35	(2)
Average award	\$360	\$359	(2)
Hawaiian Natives program	\$2,527	\$2,518	0
Number of grants	1	1	0
Peer review of new award applications	\$41	\$65	0

¹ Figures do not include impact of the permanent (Smith-Hughes) appropriation.

² The restructured Perkins Act would support funding for an Indian set-aside at the same level as current law.

VOCATIONAL AND ADULT EDUCATION

Vocational education: Community-based organizations

(Carl D. Perkins Vocational and Applied Technology Education Act, Title III, Part A)

1996 Authorization (\$ in 000s): Indefinite ¹

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1995 Revised</u>	<u>1996</u>	<u>Change from 1995 Revised</u>
\$9,479	0	0	0

¹ The GEPA extension applies through September 30, 1996.

PURPOSE AND METHOD OF OPERATION

The Community-Based Organization program provides States with financial assistance to operate programs that provide special vocational education services to disadvantaged youth. Projects must involve the collaboration of public agencies, community-based organizations, and businesses. Funds are used in accordance with the State plan and may provide various vocational education services and activities including: prevocational educational preparation and basic skills development conducted in cooperation with business concerns; special prevocational preparation targeted to specific types of youths; and assessment of students' needs in relation to vocational education and job opportunities.

Funds are distributed to States and Outlying Areas under a similar formula as that used for Basic State Grants.

Funds for this program have been provided on a forward-funded basis. The 1995 appropriation will become available on July 1, 1995, and remain available for obligation until September 30, 1996.

Funding levels for the past 5 years were as follows:

(\$ in 000s)

1991	\$11,711
1992	12,000
1993	11,785
1994	11,785
1995	9,479

VOCATIONAL AND ADULT EDUCATION

Vocational education: Community-based organizations

1995 REVISED REQUEST

A rescission of \$9.5 million is proposed for this activity. Programs operated jointly with community-based organizations can be carried out under the Basic State Grants programs in States and communities that have a need for those programs. In addition, the National Performance Review recommended elimination of this program because it is duplicative of Basic State Grants.

1996 BUDGET REQUEST

The Administration requests no funding for this activity. As stated above, this program is duplicative of other programs. The restructured Perkins Act would authorize a single grant to States and Territories focused on preparing in-school youth for good jobs and further training. States and localities receiving funding through the grant will have the flexibility to support and operate programs directly with community-based organizations.

IMPACT DATA (\$ in 000s)

	1994	1995	1995 Revised	1996
Number of grants	53	53	0	0
Average State grant	\$222	\$179	0	0

VOCATIONAL AND ADULT EDUCATION

Vocational education: Consumer and homemaking education

(Carl D. Perkins Vocational and Applied Technology Education Act, Title III, Part B)

1996 Authorization (\$ in 000s): Indefinite ¹

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1995 Revised</u>	<u>1996</u>	<u>Change from 1995 Revised</u>
\$34,409	0	0	0

¹ The GEPA extension applies through September 30, 1996.

PURPOSE AND METHOD OF OPERATION

The Consumer and Homemaking Education program provides grants to the States to supplement State and local efforts to prepare youths and adults for the occupation of homemaker.

Grants are allocated to States and Outlying Areas under the same formula used for Basic State Grants. These funds can be used for instruction in food and nutrition, consumer education, family living and parenthood education, child development and guidance, housing, home management (including resource management), family and individual health, and clothing and textiles. States may also use funds to serve special-needs populations, to eliminate sex bias and stereotyping, and to provide ancillary services (including outreach) to ensure the quality and effectiveness of consumer and homemaking programs.

One-third of each State's allotment must be used in economically depressed areas or areas with high rates of unemployment. Up to 6 percent may be used for State administration.

Funds for this program have been provided on a forward-funded basis. The 1995 appropriation will become available on July 1, 1995, and remain available for obligation until September 30, 1996.

VOCATIONAL AND ADULT EDUCATION

Vocational education: Consumer and homemaking education

Funding levels for the past 5 years were as follows:

(\$ in 000s)

1991	\$33,351
1992	35,000
1993	34,720
1994	34,720
1995	34,409

1995 REVISED REQUEST

The Administration proposes a rescission of \$34.4 million for this activity. All States currently have active, well-established consumer and homemaking programs that will continue without direct Federal support. For every Federal dollar spent for this program, States spend \$20 in State and local resources. States and localities can, if they choose, use funds from their Basic State Grants to support consumer and homemaking education. In addition, the National Performance Review recommended elimination of this program because it duplicates activities that can be funded under Basic State Grants and is more appropriately funded through non-Federal sources.

1996 BUDGET REQUEST

The Administration requests no funding for this activity. As indicated above, this program should no longer be supported directly with Federal dollars. The restructured Perkins Act would authorize a single grant to States and Territories focused on preparing in-school youth for good jobs and further training. States and localities would continue to have the authority to use Federal funds for the operation and improvement of consumer and homemaking programs.

IMPACT DATA (\$ in 000s)

	1994	1995	1995 Revised	1996
Number of grants	53	53	0	0
Average State grant	\$655	\$649	0	0

VOCATIONAL AND ADULT EDUCATION

Vocational education: Tech-prep education

(Carl D. Perkins Vocational and Applied Technology Education Act, Title III, Part E)

1996 Authorization (\$ in 000s): Indefinite ¹

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$108,000	0	-\$108,000

¹ The GEPA extension applies through September 30, 1996.

PURPOSE AND METHOD OF OPERATION

The Tech-Prep Education program supports planning and demonstration grants to consortia of local educational agencies and postsecondary institutions to develop and operate model 4-year programs. These programs begin in high school and provide students with the mathematical, science, communications, and technological skills needed to earn a 2-year associate degree or 2-year certificate in a given occupational field. The purpose of Tech-prep is to develop a structural link between secondary and postsecondary institutions that will integrate academic and vocational education and better prepare students to make the transition from school to work.

When the appropriation is \$50 million or less, the Department awards grants directly to eligible recipients on a competitive basis. When the appropriation exceeds \$50 million, a condition that has applied since the initiation of the program in fiscal year 1991, the Department distributes funds to States according to the Basic Grant formula. States then administer the program and make sub-grants on either a discretionary or formula basis.

Funds for this program have been provided on a forward-funded basis. The 1995 appropriation will become available on July 1, 1995, and remain available for obligation until September 30, 1996.

VOCATIONAL AND ADULT EDUCATION

Vocational education: Tech-prep education

Funding levels for the past 5 years were as follows:

	(\$ in 000s)
1991	\$63,433
1992	90,000
1993	104,123
1994	104,123
1995	108,000

1996 BUDGET REQUEST

The Administration requests no funding for this activity. The restructured Perkins Act would authorize a single grant to States and Territories focused on preparing in-school youth for good jobs and further training. The new program will focus on encouraging vocational education programs nationally to adopt the components of effective school-to-work opportunities programs, such as articulation between secondary and postsecondary education and strong integration of academic and vocational instruction. Most tech-prep programs already include such attributes and would thus be eligible for support, strengthening or emulation under the new program. A separate categorical program for tech-prep will no longer be needed.

IMPACT DATA (\$ in 000s)

	1994	1995	1996
State grants	\$103,687	\$107,600	0
Number of grants	53	53	0
Average State grant	\$1,956	\$2,030	0
Evaluation	\$436	\$400	0

VOCATIONAL AND ADULT EDUCATION

Vocational education: Tribally controlled postsecondary vocational institutions

(Carl D. Perkins Vocational and Applied Technology Education Act, Title III, Part H)

1996 Authorization (\$ in 000s): Indefinite ¹

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$2,919	(2)	-\$2,919

¹ The GEPA extension applies through September 30, 1996

² The restructured Perkins Act would support funding for these institutions at the same level as current law.

PURPOSE AND METHOD OF OPERATION

This program provides grants for the operation and improvement of tribally controlled postsecondary vocational institutions to ensure continued and expanded educational opportunities for Indian students and to improve and expand the physical resources of those institutions.

In order to receive a grant, a tribally controlled postsecondary institution must:

- Be governed by a board of directors or trustees, a majority of whom are Indians;
- Demonstrate that it adheres to a philosophy or plan of operation that fosters individual Indian economic opportunity and self-sufficiency;
- Have been operational for at least 3 years;
- Be accredited, or be a candidate for accreditation, by a nationally recognized accrediting authority for postsecondary vocational education; and
- Enroll at least 100 full-time equivalent students, the majority of whom are Indians.

Funds may be used by the grantee for costs connected with training teachers, providing instructional services, purchasing equipment, administration, and operating and maintaining the institution. In addition, institutions selected for funding in the preceding competition receive priority in receiving awards in subsequent years.

VOCATIONAL AND ADULT EDUCATION

Vocational education: Tribally controlled postsecondary vocational institutions

Funding levels for the past 5 fiscal years were as follows:

	(\$ in 000s)
1991	\$2,440
1992	2,500
1993	2,946
1994	2,946
1995	2,919

1996 BUDGET REQUEST

The Administration requests no funding for this activity. The restructured Perkins Act would authorize a single grant to States and Territories, with a set-aside for Indian programs. Support for tribally controlled postsecondary vocational institutions would continue under the restructured program.

IMPACT DATA (\$ in 000s)

	1994	1995	1996
Number of awards	2	2	(1)

¹ The restructured Perkins Act would support funding for these institutions at the same level as current law.

VOCATIONAL AND ADULT EDUCATION

Vocational education: State councils

(Carl D. Perkins Vocational and Applied Technology Education Act, Section 112)

1996 Authorization (\$ in 000s): Indefinite ¹

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$8,848	0	-\$8,848

¹ The GEPA extension applies through September 30, 1996.

PURPOSE AND METHOD OF OPERATION

Under the Perkins Act, States and Outlying Areas are required to establish State councils in order to receive Federal vocational education funds. The councils assist in the development and evaluation of State vocational education plans and policies.

For the States, the District of Columbia, and Puerto Rico, funds are allocated to the councils under the same formula as that used for Basic State Grants. No State receives less than \$150,000 (or its fiscal year 1990 allocation, whichever is greater) nor more than \$250,000. The Virgin Islands and Guam each receive \$60,000 while American Samoa and the Northern Marianas each receive \$25,000.

Each council consists of 13 members, 7 of whom represent the private sector and 6 of whom represent secondary and postsecondary vocational education, career guidance and counseling organizations, and persons who have special knowledge of the educational needs of the disabled, the disadvantaged, women, the limited English proficient, and minorities. Each council must review and comment on the State plan, analyze and report on the allocation of funds and the availability of vocational education programs in the State, complete a biennial evaluation on the extent to which the State's programs meet the economic needs of the State, and analyze and review corrections education programs in the State.

Funds for this program have been provided on a forward-funded basis. The 1995 appropriation will become available on July 1, 1995, and remain available for obligation until September 30, 1996.

VOCATIONAL AND ADULT EDUCATION

Vocational education: State councils

Funding levels for the past 5 years were as follows:

	(\$ in 000s)
1991	\$8,783
1992	9,000
1993	8,928
1994	8,928
1995	8,848

1996 BUDGET REQUEST

The Administration requests no funding for this activity. The restructured Perkins Act would authorize a single grant to States and Territories focused on preparing in-school youth for good jobs and further training. The legislation will continue to require States to consult with business, education, and other interests on the planning and implementation of vocational education, but will give the States more flexibility in doing so. States may choose to pursue such consultation through the continued operation of vocational councils, through human resource investment councils, or through other, less formal means.

IMPACT DATA (\$ in 000s)

	1994	1995	1996
Number of grants	57	56 ¹	0
Average State grant	\$157	\$158	0

¹ Beginning in 1995, Palau is no longer eligible for State Councils funding.

VOCATIONAL AND ADULT EDUCATION

Vocational education: National programs: Research

(Carl D. Perkins Vocational and Applied Technology Education Act, Title IV, Part A)

1996 Authorization (\$ in 000s): Indefinite ^{1, 2}

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$7,851 ³	0	-\$7,851

¹ Under the Perkins Act, 2.5 percent of the combined amounts appropriated for Titles I (other than Section 112), II, and IV (other than part E) is set aside for the National Programs. Of this amount, 30 percent is to be used for Research.

² The GEPA extension applies through September 30, 1996.

³ Excludes \$179,000 available for National Programs from the permanent (Smith-Hughes) appropriation.

PURPOSE AND METHOD OF OPERATION

The Perkins Act authorizes the conduct and dissemination of research that contributes to improving the access of special populations to vocational education, is readily applicable to the vocational setting, and is of practical application to vocational education administrators, counselors, and instructors. The law also authorizes:

- Research on implementation of performance standards and measures;
- Evaluation of the use of performance standards and measures on the participation of students, especially special populations, in vocational education programs; and
- Research on successful methods for providing students with experience in, and understanding of, all aspects of the occupations and industry in which the students are preparing to work.

Within Part A, the Perkins Act calls for 90 percent of the funds made available each year to be set aside for the National Center (or Centers) for Research in Vocational Education (NCRVE). (This percentage requirement has been overridden each year in appropriations language.) NCRVE(s) are authorized to carry out short-term and multi-year projects in applied research and development, leadership development, dissemination, development of information for planning and policy development, technical assistance, and evaluation. If two centers are funded, one center must concentrate on applied research and development and the other on dissemination and training. Currently, a single center carries out both of these responsibilities.

VOCATIONAL AND ADULT EDUCATION

Vocational education: National programs: Research

Part A also authorizes Curriculum Coordination Centers which work closely with States in disseminating curriculum information, providing technical assistance on both developing and implementing new curricula, and serving as a clearinghouse for numerous curricula and instructional materials across a wide range of occupational areas.

Funds for this program have been provided on a forward-funded basis. The 1995 appropriation will become available on July 1, 1995, and remain available for obligation until September 30, 1996.

Funding levels for the past 5 years and were as follows:

	(\$ in 000s)
1991	\$6,831
1992	12,000
1993	9,662
1994	9,662
1995	7,851

1996 BUDGET REQUEST

The Administration requests no funding for this activity. The restructured Perkins Act would provide a new National Programs authority to support research as well as evaluation, development, and technical assistance activities.

IMPACT DATA (\$ in 000s)

	1994	1995	1996
NCRVE	\$6,000	\$6,000	0
National assessment	300	0	0
Curriculum coordination centers	900	1,000	0
Discretionary research	2,462	851	0

VOCATIONAL AND ADULT EDUCATION

Vocational education: National programs: Demonstrations

(Carl D. Perkins Vocational and Applied Technology Education Act, Title IV, Part B)

1996 Authorization (\$ in 000s): Indefinite ^{1, 2}

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$20,684	0	-\$20,684

¹ Under the Perkins Act, 2.5 percent of the combined amounts appropriated for Titles I (other than Section 112), II, and IV (other than part E) is set aside for the National Programs. Of this amount, 30 percent is to be used for Demonstrations.

² The GEPA extension applies through September 30, 1996.

PURPOSE AND METHOD OF OPERATION

This program makes competitive awards to support model demonstration programs in vocational education. Under this program, the Secretary must give priority to demonstration grants that: (1) provide for the development of telecommunications materials for use in vocational education instruction, and (2) establish demonstration centers for training dislocated workers. Other authorized demonstration programs include:

- Grants to postsecondary institutions, State educational agencies, or State correctional agencies for professional development, including fellowship grants to outstanding vocational education teachers;
- Grants for developing business and education standards for competencies in industries and trades;
- Regional centers that provide training for skilled trades;
- Projects that integrate vocational and academic instruction; and
- Cooperative demonstration programs that: (1) improve access to quality vocational education programs for special populations, (2) demonstrate successful cooperation between public and private agencies, (3) assist in overcoming national skill shortages, (4) improve curriculum and instruction in consumer and homemaking education, (5) assist disadvantaged youths in preparing for technical and professional health careers, and (6) improve access to vocational education through "agriculture action centers."

VOCATIONAL AND ADULT EDUCATION

Vocational education: National programs: Demonstrations

Funds for this program have been provided on a forward-funded basis. The 1995 appropriation will become available on July 1, 1995, and remain available for obligation until September 30, 1996.

Funding levels for the past 5 years were as follows:

	(\$ in 000s)
1991	\$12,970
1992	20,000
1993	16,705
1994	23,455
1995	20,684

1996 BUDGET REQUEST

The Administration requests no funding for this activity. The restructured Perkins Act would provide a new National Programs authority to support demonstrations as well as evaluation, research, development, and technical assistance activities.

VOCATIONAL AND ADULT EDUCATION

Vocational education: National programs: Demonstrations

IMPACT DATA (\$ in 000s)

	1994	1995	1996
Business and education standards	\$3,500	0	0
Number of awards	9	0	0
Integration of vocational and academic education	\$11,000	\$10,000	0
Number of continuation awards	11	30	0
Average award	\$364	\$333	0
Number of new awards	19	0	0
Average new award	\$368	0	0
Cooperative demonstrations:			
Corrections education	\$2,000	0	0
Number of awards	5	0	0
Community education centers	\$3,000	\$2,000	0
Number of continuation awards	5	5	0
Manufacturing technologies	\$2,000	0	0
Number of awards	2	0	0
Career Academies	\$1,365	\$1,745	0
Number of awards	8	9	0
Native Hawaiian at-risk youth	\$500	\$500	0
Number of awards	1	1	0
Dislocated workers	0	\$3,000	0
Number of awards	0	6	0
Teaching and learning improvement	0	\$3,348	0
Number of awards	0	7	0
Peer review of applications for new awards	\$90	\$91	0
Total budget authority	\$23,455	\$20,684	0
Number of awards	60	58	0

VOCATIONAL AND ADULT EDUCATION

Vocational education: National programs: National Occupational Information Coordinating Committee

(Carl D. Perkins Vocational and Applied Technology Education Act, Title IV, Part C, Section 422)

1996 Authorization (\$ in 000s): Indefinite ^{1,2}

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$6,000	0	-\$6,000

¹ Under the Perkins Act, 2.5 percent of the combined amounts appropriated for Titles I (other than Section 112), II, and IV (other than part E) is set aside for the National Programs. Of this amount, 40 percent is to be used for Data Systems, of which 22 percent is for the National Occupational Information Coordinating Committee.

² The GEPA extension applies through September 30, 1996.

PURPOSE AND METHOD OF OPERATION

Section 422 of the Perkins Act authorizes a National Occupational Information Coordinating Committee (NOICC). NOICC has been funded jointly with the Department of Labor since fiscal year 1978. The Committee is composed of subcabinet officials of the Departments of Education, Labor, Agriculture, Commerce, and Defense. From the funds it receives, NOICC allocates approximately 75 percent to State Occupational Information Coordinating Committees (SOICCs); the remaining funds are used by NOICC for information systems development and delivery, communication and coordination activities, and administration.

NOICC and its affiliated SOICCs assist students, educators, and vocational education program planners in assessing current and future labor market conditions by assembling and disseminating occupational information. Activities include: helping vocational educators, guidance counselors, students, and employment training administrators make better use of employment data; developing and implementing an occupational information system to meet the common information needs of vocational education and employment training planners; and conducting studies of the effects of technological change on new and existing occupational areas.

Funds for NOICC have been provided on a forward-funded basis. The 1995 appropriation will become available on July 1, 1995, and remain available for obligation until September 30, 1996.

VOCATIONAL AND ADULT EDUCATION

Vocational education: National programs: National Occupational Information Coordinating Committee

Funding levels for the past 5 years were as follows:

(\$ in 000s)

1991	.....	\$4,880
1992	.....	5,000
1993	.....	4,960
1994	.....	4,960
1995	.....	6,000

1996 BUDGET REQUEST

The Administration requests no funding for this activity. The restructured Perkins Act would provide a new National Programs authority to support evaluation, research, development, and technical assistance activities. Decisions on how this legislation will address the need for State and national data systems are still pending.

IMPACT DATA (\$ in 000s)

	1994	1995	1996
NOICC	\$1,240	\$1,500	0
SOICCs	\$3,720	\$4,500	0

VOCATIONAL AND ADULT EDUCATION

Adult education and family literacy consolidation: State grants
 (proposed legislation)

1996 Authorization (\$ in 000s): To be determined

Budget Authority (\$ in 000s):

	<u>1995</u>	<u>1996</u>	<u>Change</u>
State grants (proposed legislation)	0	\$479,487	+\$479,487
Adult education State programs	\$252,345	0	-252,345
JTPA adult literacy training	<u>84,161</u> ¹	<u>0</u>	<u>-84,161</u>
Total	336,506	479,487	+142,981

¹ Adjusted for comparability. This amount was appropriated to the Department of Labor for Job Training Partnership Act adult literacy training activities, which will be carried out by the Department of Education in 1996.

PURPOSE AND METHOD OF OPERATION

Under current authority, Adult education grants to the States and Outlying Areas support programs that assist educationally disadvantaged adults in developing basic skills, including literacy, achieving certification of high school equivalency, and learning English. States must give equitable access to all types of agencies and institutions that have the ability to provide adult education programs. (These entities include, among others, local educational agencies, correctional education agencies, community-based organizations, public or private nonprofit agencies, and postsecondary educational institutions.) In addition, the States are required to provide two-year "Gateway Grants" to public housing authorities for literacy programs, and to develop a system of indicators to determine program quality and improve the accuracy of evaluations.

No more than 20 percent of a State's allotment may be used for high school equivalency programs. In addition, a State must use at least 10 percent of its funds to educate incarcerated and other institutionalized individuals and set aside at least 15 percent for experimental demonstrations and teacher training projects. Of the funds provided by the State agency to the eligible institutions, at least 95 percent must be used for instructional activities.

Under the proposed Adult Education and Family Literacy State Grants program, each State would receive one adult education and family literacy grant and have the flexibility to provide services in accordance with the needs in the State. Funds would be allocated to State educational agencies through a single formula. Complicated Federal application requirements would be replaced with one application and one set of simplified rules. States would establish their own program objectives and would describe in their State plan how

VOCATIONAL AND ADULT EDUCATION

Adult education and family literacy consolidation: State grants

Federal funds would enable them to achieve their objectives. Adults could access the services they need either directly or through referrals from one-stop career centers, which are a component of the President's GI Bill for America's Workers.

Funds for currently authorized Adult Education State Programs have been provided on a forward-funded basis. The 1995 appropriation will become available on July 1, 1995, and remain available for obligation until September 30, 1996.

For Adult Education State Programs, funding levels for the past 5 fiscal years were as follows:

	(\$ in 000s)
1991	\$201,032
1992	235,750
1993	254,624
1994	254,624
1995	252,345

1996 BUDGET REQUEST

For fiscal year 1996, the Department requests \$479 million for a new adult education and family literacy State grants program. Currently, three offices in the Department of Education administer a range of adult education and family literacy programs. In addition, the Department of Labor oversees the Job Training Partnership Act (JTPA), which also provides literacy services to adults. Such proliferation causes administrative burdens that divert human and financial resources from what should be the focus of all Federal literacy efforts: the provision of high-quality services. To rationalize the Federal commitment to adult education and family literacy, as part of its GI Bill for America's Workers, the Administration proposes to consolidate adult education programs, Even Start, Library Literacy, and related JTPA programs into a unified adult education and family literacy grant.

The National Evaluation of Adult Education Programs found that the number of adults who need adult education services continues to climb, but the program is able to serve only a small percentage of them. The study also identified client persistence and retention as an area where the program needs improvement. On average, most adult education participants remain in the program for 58 hours. However, broken down by service category, adults studying English as a second language had, by far, the highest average number of instruction hours -- 113 -- compared with 35 hours for adult basic education students and 28 hours for secondary education students, respectively. While many adults benefit from their participation in the program, many leave before they achieve any gains. Americans who need to improve their educational skills will be hindered in the workplace and as parents if they do not have access to high-quality adult education programs that meet their needs. The Administration's proposal would allow States to create or re-create adult education and family literacy programs to serve more learners better. Granting funds to States through a single funding stream and easing the new program's

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Adult education and family literacy consolidation: State grants

administrative requirements would save States time and money and allow them to focus on the quality of their programs. The four basic principles supporting the Administration's adult education and family literacy proposal demonstrate how the new program would support States' efforts:

- Streamlining. The consolidated program would reduce Federal administrative, statutory, and regulatory requirements. This thrust is consistent with other Administration efforts to streamline Federal programs.
- Flexibility. Each State would receive one grant and have the flexibility to provide the services most needed in the State and to merge resources with related services and programs. Set-asides and funding caps, such as the Adult Education Act provisions requiring States to use 10 percent of their Federal money to serve incarcerated and other institutionalized individuals, or limiting a State's expenditures for adult secondary education to 20 percent, would be eliminated.
- Choice. In addition to allowing States to choose the services they offer, the proposal would expand adult learners' choices. By providing information on adult education and literacy programs through one-stop career centers, the Administration's GI Bill for America's Workers would allow adults to select from a wider variety of programs and choose programs they determine would best meet their needs.
- Quality. The Department would work with States to develop high standards for adult education, geared to the content standards for core academic subjects being developed by the States for their secondary schools. General educational development (GED) preparation programs and adult high school completion programs would aim at providing adults a challenging education, similar to the education offered to in-school youth.

IMPACT DATA (\$ in 000s)

	1994	1995	1996
Currently authorized State grants:			
Number of grants	59	59	0
Average State grant	\$4,316	\$4,277	0
Total participants			
(estimated)	3,978	4,078	0
Basic (grades 0-8 and ESL)	2,944	3,018	0
Secondary (grades 9-12)	1,034	1,060	0

VOCATIONAL AND ADULT EDUCATION

Adult education and family literacy: National programs

(proposed legislation)

1996 Authorization (\$ in 000s): To be determined

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
0	\$11,000	+\$11,000

PURPOSE AND METHOD OF OPERATION

This program would provide assistance to States in order to improve the overall quality of adult education and family literacy programs in this country. The Department would support applied research, development, dissemination, evaluation, and technical assistance activities on topics designed to develop high standards for adult education and family literacy programs and ultimately help adults become better workers, parents, and citizens. Such support would be provided both directly from the Department and through continued support for the National Institute for Literacy.

1996 BUDGET REQUEST

To support States' efforts to implement high-quality, innovative adult education and family literacy programs, the Administration requests \$11 million for National Programs. As demands on adults' time continue to escalate — with more people working longer hours, commuting greater distances, and coping with day care and elder care issues — States will have to find new ways to meet their clients' needs. The National Evaluation of Adult Education Programs found that these types of issues curtail adults' participation in literacy programs; almost half of the learners who begin instruction leave for reasons unrelated to the content of their programs, such as employment, health, or child care problems.

One area that the Department has identified as an emerging priority for the use of National Programs funds is educational technology. A 1993 Office of Technology Assessment (OTA) study concluded that technology could help transform the field of adult literacy by, for example, allowing students to proceed at their own pace, customize their studies, and establish a schedule that is compatible with their daily lives. However, OTA also suggested that technology does not play a central role in most adult literacy programs. Funds for National Program would be used to assist States to develop and adopt new technologies that allow adult learners to improve their literacy skills at a schedule and in a location most convenient to them. For instance, distance learning and interactive video programs are two

VOCATIONAL AND ADULT EDUCATION**Adult education and family literacy: National programs**

promising technologies for the field. Such activities would be coordinated with the Department's Interagency Technology Office. Other promising uses of National Programs funds would include enhancing professional development for teachers and volunteers and disseminating models of adult education and family literacy programs that achieve results.

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Adult education: National programs: Evaluation and technical assistance

(Adult Education Act, Part D, Sections 383 and 384(a)-(b))

1996 Authorization (\$ in 000s): \$3,000 ^{1, 2}

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$3,900	0	-\$3,900

¹ Under the Adult Education Act, the Secretary may reserve up to \$3 million for National programs if the overall appropriation exceeds \$108 million. Appropriation language is necessary to override the statutory cap of \$3 million.

² The GEPA extension applies through September 30, 1996.

PURPOSE AND METHOD OF OPERATION

This program provides assistance to States in evaluating the status and effectiveness of adult education programs and measuring the extent of adult illiteracy in the Nation. The Department funds applied research, development, dissemination, evaluation, and technical assistance activities that show promise of contributing to the improvement and expansion of adult education.

Funds for this program have been provided on a forward-funded basis. The 1995 appropriation will become available on July 1, 1995, and remain available for obligation until September 30, 1996.

Funding levels for the past 5 fiscal years were as follows:

	(\$ in 000s)
1991	\$2,928
1992	4,000
1993	3,928
1994	3,928
1995	3,900

1996 BUDGET REQUEST

The Administration requests no funding for this activity. To provide adults with opportunities to succeed in their roles as workers, parents, and citizens, the Administration proposes to consolidate adult education programs, Even Start, Library Literacy, and related Job Training Partnership Act programs into a unified State grant and a National Programs authority.

VOCATIONAL AND ADULT EDUCATION

Adult education: National programs: Evaluation and technical assistance

IMPACT DATA (\$ in 000s)

	1994	1995	1996
Evaluation	\$2,076	\$2,300	0
Technical assistance	\$800	\$950	0
Development	\$652	\$170	0
Descriptive studies	\$400	\$480	0

VOCATIONAL AND ADULT EDUCATION

Adult education: National programs: National Institute for Literacy

(Adult Education Act, Part D, Section 384(c))

1996 Authorization (\$ in 000s): \$15,000

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$4,869	0 ¹	-\$4,869

¹ The proposed Adult Education and Family Literacy Act would continue the National Institute for Literacy in 1996 under National Programs.

PURPOSE AND METHOD OF OPERATION

The National Institute for Literacy is authorized to carry out a number of activities including:

- Conducting basic and applied research and demonstrations on literacy;
- Establishing a national data base on literacy and basic skills programs, program assessment tools and outcome measures, and progress toward national literacy goals;
- Providing technical assistance and training to improve the effectiveness of literacy programs;
- Collecting and disseminating information on effective practices;
- Awarding fellowships to outstanding individuals in the adult education and literacy fields to carry out research activities under the auspices of the Institute; and
- Researching the special needs of persons requiring adult education, including a study of the number and the needs of adults with learning disabilities who are eligible for participation in adult education programs.

Funds are appropriated to support authorized program activities, including grants and contracts, and for administrative expenses, including personnel compensation and benefits for staff and operational costs. Funds also support the National Institute Board, which is responsible for planning and implementing programs for the Institute. An interagency group, which includes representatives of the Departments of Education, Labor, and Health and Human Services, helps develop administrative and programmatic plans for the Institute.

VOCATIONAL AND ADULT EDUCATION

Adult education: National programs: National Institute for Literacy

Funds for this program have been provided on a forward-funded basis. The 1995 appropriation will become available on July 1, 1995, and remain available for obligation until September 30, 1996.

Funding levels for the past 5 fiscal years were as follows:

	(\$ in 000s)
1991	\$4,879
1992	5,000
1993	4,909
1994	4,909
1995	4,869

1996 BUDGET REQUEST

The Department proposes to continue support for the National Institute for Literacy through the new Adult Education and Family Literacy National Programs authority. Proposed legislation will detail the functions and duties of the Institute.

IMPACT DATA (\$ in 000s)

	1994	1995	1996
Grants/Contracts	\$550	0	0
National Adult Literacy and Learning Disabilities Center	505	\$505	
Hot Line and Publications	175	280	0
Literacy Leader Fellows	147	150	0
Data base	900	990	0
Research and other projects	<u>1,153</u>	<u>1,775</u>	0
Total program funds	3,430	3,700	0
Administrative costs	\$1,479	\$1,169	0
Number of full-time permanent personnel	11	8	8

Note - The proposed Adult Education and Family Literacy Act would continue the National Institute for Literacy in 1996 under National Programs.

VOCATIONAL AND ADULT EDUCATION

Adult education: State literacy resource centers

(Adult Education Act, Part B, Subpart 7)

1996 Authorization (\$ in 000s): Indefinite ¹

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$7,787	0	-\$7,787

¹ The GEPA extension applies through September 30, 1996.

PURPOSE AND METHOD OF OPERATION

Under this program, created by the National Literacy Act of 1991 (P.L. 102-73), the Secretary makes grants to States or groups of States to establish a network of State and regional adult literacy resource centers. These centers are intended to stimulate the coordination of services and enhance the capacity of State and local organizations to provide literacy services through activities that:

- Improve the dissemination of information on current approaches to teaching adults and on available technologies and program evaluations;
- Develop innovative approaches to coordinating the delivery of literacy services in the private and public sectors;
- Encourage government and industry partnerships;
- Encourage innovation and experimentation in literacy activities that enhance the delivery of literacy services and address emerging problems;
- Provide technical and policy assistance to State and local governments and service providers to improve literacy policy and programs and access to such programs;
- Provide training and technical assistance to literacy instructors in areas such as the use of technology for teaching and the assessment of individual learning styles; and
- Encourage and facilitate the training of full-time professional adult educators.

VOCATIONAL AND ADULT EDUCATION

Adult education: State literacy resource centers

Each State or group of States receives an amount that is proportionate to the amount received under the Adult Education Basic State Grant program. The Federal share of funds for this program gradually declines from a maximum of 80 percent for the first 2 fiscal years to a maximum of 60 percent by the fifth year of operation.

Funds for this program have been provided on a forward-funded basis. The 1995 appropriation will become available on July 1, 1995, and remain available for obligation until September 30, 1996.

Funding levels for the past 5 fiscal years were as follows:

	(\$ in 000s)
1991	0 ¹
1992	\$5,000
1993	7,857
1994	7,857
1995	7,787

¹ This program was not authorized prior to 1992.

1996 BUDGET REQUEST

The Administration requests no funding for this activity. To provide adults with opportunities to succeed in their roles as workers, parents, and citizens, the Administration proposes to consolidate adult education programs, Even Start, Library Literacy, and related Job Training Partnership Act programs into a unified State grant and a National Programs authority.

IMPACT DATA (\$ in 000s)

	1994	1995	1996
Number of grants	57	57	0
Average grant	\$138	\$137	0
State centers	41	41	0
Regional centers	3	3	0

VOCATIONAL AND ADULT EDUCATION

Adult education: Workplace literacy partnerships

(Adult Education Act, Part C, Section 371)

1996 Authorization (\$ in 000s): Indefinite ¹

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$18,736	0	-\$18,736

¹ The GEPA extension applies through September 30, 1996.

PURPOSE AND METHOD OF OPERATION

This program makes discretionary grants for demonstrations that provide literacy training to meet workplace needs. These demonstration projects must be designed and operated by partnerships between: (1) a business, industry, labor organization, or private industry council; and (2) a State educational agency, local educational agency, institution of higher education, school, employment and training agency, or community-based organization. Services provided may include: adult secondary education; literacy training for limited English proficient adults; updating basic skills to meet the changing needs of the workplace; improving the competency of adult workers in speaking, listening, reading, and problem-solving; and educational counseling, transportation, and child-care services. Grant recipients are required to provide 30 percent of program costs.

When the appropriation is less than \$50 million, the Department awards grants directly to eligible recipients on a competitive basis. If the appropriation exceeds \$50 million, the Department is to distribute funds to States based on each State's proportionate share of the Adult Education Basic Grant allocation.

An amendment to the Adult Education Act contained in the National Literacy Act of 1991 (P.L. 102-73) provides that when the appropriation for Workplace Literacy Partnerships equals or exceeds \$25 million, the Secretary is required to reserve up to \$5 million for discretionary grants to design and implement national strategies for providing effective literacy and basic skills training to workers. (Because the appropriation has never exceeded \$24 million, neither this requirement, nor the provision for allocation to States by formula, has ever been triggered.) The 1991 amendments also authorize the Secretary to retain up to 2 percent of the amount appropriated for an independent evaluation of program effectiveness. This evaluation is in its third year.

Funds for this program have been provided on a forward-funded basis. The 1995 appropriation will become available on July 1, 1995, and remain available for obligation until September 30, 1996.

VOCATIONAL AND ADULT EDUCATION

Adult education: Workplace literacy partnerships

Funding levels for the past 5 fiscal years were as follows:

	(\$ in 000s)
1991	\$19,251
1992	21,751 ¹
1993	18,906
1994	18,906
1995	18,736

¹ Includes \$2.5 million, reflecting a reprogramming to this activity of the total amount appropriated for Commercial Driver Literacy.

1996 BUDGET REQUEST

The Administration requests no funding for this activity. To provide adults with opportunities to succeed in their roles as workers, parents, and citizens, the Administration proposes to consolidate adult education programs, Even Start, Library Literacy, and related Job Training Partnership Act programs into a unified State grant and a National Programs authority.

IMPACT DATA (\$ in 000s)

	1994	1995	1996
Number of continuing awards	46	46	0
Amount of continuing awards	\$18,528	\$18,361	0
Average award	\$403	\$399	0
Number of workers served	24,000	24,000	0
Evaluation and dissemination	\$378	\$375	0

VOCATIONAL AND ADULT EDUCATION

Adult education: Literacy training for homeless adults

(Stewart B. McKinney Homeless Assistance Act, Title VII, Subtitle A)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$9,498	0	-\$9,498

PURPOSE AND METHOD OF OPERATION

This program makes competitive grants to States and Outlying Areas to develop and implement programs of literacy training and basic skills remediation for homeless adults. States may carry out program activities either directly or through grants or contracts with local recipients.

Services are provided to adult homeless individuals who are 16 years of age or older and out of school. The Department encourages applicants to target subpopulations of homeless individuals sharing common characteristics, such as homeless mothers and children, homeless alcoholic men, or the chronically mentally ill homeless.

Programs must develop cooperative relationships with other service agencies to provide an integrated package of support services addressing the most pressing needs of homeless adults. Examples include: assistance with food and shelter; alcohol and drug abuse counseling; individual and group mental health counseling; child care; job skills training; employment training; and job placement. Each project must also conduct activities to recruit homeless participants.

Funds for this program have been provided on a forward-funded basis. The 1995 appropriation will become available on July 1, 1995, and remain available for obligation until September 30, 1996.

Funding levels for the past 5 fiscal years were as follows:

	(\$ in 000s)
1991	\$9,759
1992	9,759
1993	9,584
1994	9,584
1995	9,498

VOCATIONAL AND ADULT EDUCATION

Adult education: Literacy training for homeless adults

1996 BUDGET REQUEST

The Administration requests no funding for this activity. To provide adults with opportunities to succeed in their roles as workers, parents, and citizens, the Administration proposes to consolidate adult education programs, Even Start, Library Literacy, and related Job Training Partnership Act programs into a unified State grant and a National Programs authority.

IMPACT DATA (\$ in 000s)

	1994	1995	1996
Number of grants	28	28	0
Average State grant	\$342	\$338	0
Peer review of new award applications	0	\$24	0

VOCATIONAL AND ADULT EDUCATION

Adult education: Literacy program for prisoners

(National Literacy Act of 1991, Section 601)

1996 Authorization (\$ in 000s): \$25,000 ¹

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$5,100	0	-\$5,100

¹ The GEPA extension applies through September 30, 1996.

PURPOSE AND METHOD OF OPERATION

Grants are made to State and local correctional agencies and correctional education agencies to establish and operate programs that reduce recidivism through the improvement of "life skills." Life skills include self-development and communication skills, job and financial skills, interpersonal and family relationships, and stress and anger management. The Secretary awards life skills training grants for a period of up to 3 years, and gives priority to programs that have the greatest potential for innovation, effectiveness, and replication. Fiscal year 1995 funds would support the final year of the 3-year life skills training grants begun in fiscal year 1993.

In addition, grants are made to the same types of entities to establish programs that use advanced technologies, to the extent possible, to assist persons incarcerated in prisons, jails or detention centers in achieving functional literacy. The grantees are required to serve each incarcerated person who is not functionally literate unless that person is terminally ill, serving a life sentence without parole, or under a sentence of death.

Under both programs, the grantee must submit an annual report to the Secretary including information about participation rate, cost, effectiveness of the program, and any other information the Secretary may request. In addition, the Secretary makes compliance grants to eligible entities, those that establish one of the programs, to assist in carrying out the programs, developing plans, and submitting reports.

Funds for this program have been provided on a forward-funded basis. The 1995 appropriation will become available on July 1, 1995, and remain available for obligation until September 30, 1996.

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VOCATIONAL AND ADULT EDUCATION

Adult education: Literacy programs for prisoners

Funding levels for the past 5 fiscal years were as follows:

	(\$ in 000s)
1991	0 ¹
1992	\$5,000
1993	4,910
1994	5,100
1995	5,100

¹ This program was not authorized prior to 1992.

1996 BUDGET REQUEST

The Administration requests no funding for this activity. To provide adults with opportunities to succeed in their roles as workers, parents, and citizens, the Administration proposes to consolidate adult education programs, Even Start, Library Literacy, and related Job Training Partnership Act programs into a unified State grant and a National Programs authority.

IMPACT DATA

	1994	1995	1996
Number of grants	18	18	0
Average grant	\$269	\$269	0
Monitoring/Technical Assistance	\$255	\$255	0

VOCATIONAL AND ADULT EDUCATION

Vocational Education Basic State Grants

State or Outlying Area	1994 Appro. for 1995	1995 Estimate for 1996	1996 Request for 1997 ¹
Alabama	\$18,906,711	\$18,844,305	0
Alaska	4,214,921	4,214,921	0
Arizona	15,400,206	15,601,879	0
Arkansas	10,808,494	10,893,687	0
California	99,403,896	100,054,043	0
Colorado	12,113,517	12,199,413	0
Connecticut	8,648,849	8,440,272	0
Delaware	4,214,921	4,214,921	0
Florida	43,086,100	42,924,966	0
Georgia	27,687,353	27,870,656	0
Hawaii	4,812,070	4,812,371	0
Idaho	5,054,328	5,179,275	0
Illinois	37,958,730	38,025,119	0
Indiana	23,391,037	23,295,424	0
Iowa	11,052,697	11,283,774	0
Kansas	9,343,362	9,477,585	0
Kentucky	16,986,865	17,185,170	0
Louisiana	19,972,833	19,938,453	0
Maine	4,770,535	4,820,129	0
Maryland	13,764,846	13,830,911	0
Massachusetts	17,323,922	17,323,922	0
Michigan	35,466,421	35,276,379	0
Minnesota	15,558,031	15,586,413	0
Mississippi	12,779,289	12,862,338	0
Missouri	19,496,860	19,596,640	0
Montana	4,481,007	4,480,492	0
Nebraska	6,157,332	6,140,403	0
Nevada	4,812,070	4,812,371	0
New Hampshire	4,812,070	4,812,371	0
New Jersey	20,969,692	20,817,755	0
New Mexico	7,125,584	7,260,440	0
New York	51,432,713	51,361,536	0
North Carolina	28,398,013	28,234,391	0
North Dakota	4,214,921	4,214,921	0
Ohio	42,570,365	42,193,181	0
Oklahoma	14,156,897	14,184,687	0
Oregon	11,240,621	11,328,192	0
Pennsylvania	40,846,041	40,009,690	0
Rhode Island	4,812,070	4,812,371	0
South Carolina	16,615,284	16,577,120	0
South Dakota	4,214,921	4,214,921	0
Tennessee	21,120,963	21,023,870	0
Texas	73,887,318	73,525,678	0
Utah	9,560,382	10,039,677	0
Vermont	4,214,921	4,214,921	0
Virginia	21,937,655	22,190,713	0
Washington	17,555,528	17,319,392	0
West Virginia	8,401,825	8,454,229	0
Wisconsin	19,099,217	19,060,586	0
Wyoming	4,214,921	4,214,921	0
District of Columbia	4,214,921	4,214,921	0
Puerto Rico	18,574,259	18,451,867	0
American Samoa	191,344	191,348	0
Northern Marianas	191,344	191,348	0
Guam	503,536	503,548	0
Virgin Islands	555,609	555,545	0
Palau	191,344	0	0
PREL	<u>958,382</u>	<u>1,142,622</u>	0
TOTAL	964,449,864	964,502,994	0

¹ In 1996, proposed legislation would consolidate vocational education activities into a consolidated State grant. Distribution for the new State Grant program is not yet available.

VOCATIONAL AND ADULT EDUCATION
Vocational Education Community-Based Organizations

State or Outlying Area	1994 Appro. for 1995	1995 Appro. for 1996	1995 Revised for 1996	1996 Request for 1997
Alabama	\$231,394	\$185,096	0	0
Alaska	54,164	47,395	0	0
Arizona	188,479	153,248	0	0
Arkansas	132,282	107,002	0	0
California	1,216,578	982,770	0	0
Colorado	148,254	119,828	0	0
Connecticut	105,851	82,904	0	0
Delaware	54,164	47,395	0	0
Florida	527,319	421,626	0	0
Georgia	338,858	273,757	0	0
Hawaii	58,925	47,395	0	0
Idaho	61,859	50,873	0	0
Illinois	484,567	373,498	0	0
Indiana	286,277	228,817	0	0
Iowa	135,271	110,834	0	0
Kansas	114,351	93,093	0	0
Kentucky	207,898	168,800	0	0
Louisiana	244,442	195,843	0	0
Maine	58,925	47,395	0	0
Maryland	168,464	135,853	0	0
Massachusetts	199,554	160,403	0	0
Michigan	434,064	346,499	0	0
Minnesota	190,411	153,096	0	0
Mississippi	156,402	126,339	0	0
Missouri	238,617	192,486	0	0
Montana	54,865	47,395	0	0
Nebraska	75,358	60,313	0	0
Nevada	58,925	47,395	0	0
New Hampshire	58,925	47,395	0	0
New Jersey	256,642	204,480	0	0
New Mexico	87,208	71,315	0	0
New York	629,471	492,200	0	0
North Carolina	347,556	277,329	0	0
North Dakota	54,164	47,395	0	0
Ohio	521,007	414,438	0	0
Oklahoma	173,263	139,328	0	0
Oregon	137,571	111,270	0	0
Pennsylvania	499,904	392,991	0	0
Rhode Island	58,925	47,395	0	0
South Carolina	203,350	162,827	0	0
South Dakota	54,164	47,395	0	0
Tennessee	258,494	206,505	0	0
Texas	904,287	722,199	0	0
Utah	117,007	98,614	0	0
Vermont	54,164	47,395	0	0
Virginia	268,489	217,966	0	0
Washington	214,857	170,118	0	0
West Virginia	102,828	83,041	0	0
Wisconsin	233,750	187,221	0	0
Wyoming	54,164	47,395	0	0
District of Columbia	54,164	47,395	0	0
Puerto Rico	227,325	181,242	0	0
American Samoa	0	0	0	0
Northern Marianas	0	0	0	0
Guam	0	0	0	0
Virgin Islands	6,803	6,803	0	0
Palau	0	0	0	0
TOTAL	11,785,000	9,479,000	0	0

VOCATIONAL AND ADULT EDUCATION

Consumer and Homemaking Education

State or Outlying Area	1994 Appro. for 1995	1995 Appro. for 1996	1995 Revised for 1996	1996 Request for 1997
Alabama	\$654,462	\$643,814	0	0
Alaska	160,350	160,349	0	0
Arizona	533,083	527,690	0	0
Arkansas	374,140	368,448	0	0
California	3,440,899	3,384,048	0	0
Colorado	419,313	412,611	0	0
Connecticut	341,284	341,284	0	0
Delaware	170,576	170,576	0	0
Florida	1,491,440	1,451,817	0	0
Georgia	958,407	942,647	0	0
Hawaii	173,600	172,045	0	0
Idaho	174,957	175,175	0	0
Illinois	1,396,269	1,396,269	0	0
Indiana	815,019	815,019	0	0
Iowa	393,435	393,435	0	0
Kansas	323,424	320,553	0	0
Kentucky	600,057	600,057	0	0
Louisiana	691,366	674,362	0	0
Maine	182,533	182,533	0	0
Maryland	542,940	542,940	0	0
Massachusetts	747,197	747,197	0	0
Michigan	1,275,142	1,275,142	0	0
Minnesota	563,529	563,529	0	0
Mississippi	442,359	435,033	0	0
Missouri	714,768	714,768	0	0
Montana	170,576	170,576	0	0
Nebraska	216,830	216,830	0	0
Nevada	173,600	172,045	0	0
New Hampshire	173,600	172,045	0	0
New Jersey	823,796	823,796	0	0
New Mexico	246,654	245,564	0	0
New York	2,129,936	2,129,936	0	0
North Carolina	983,007	980,668	0	0
North Dakota	170,576	170,576	0	0
Ohio	1,496,734	1,496,734	0	0
Oklahoma	490,046	479,757	0	0
Oregon	389,098	383,144	0	0
Pennsylvania	1,592,370	1,592,370	0	0
Rhode Island	173,600	172,045	0	0
South Carolina	575,144	560,675	0	0
South Dakota	170,576	170,576	0	0
Tennessee	744,218	744,218	0	0
Texas	2,557,634	2,486,801	0	0
Utah	330,936	339,564	0	0
Vermont	170,576	170,576	0	0
Virginia	768,080	768,080	0	0
Washington	607,690	585,780	0	0
West Virginia	300,550	300,550	0	0
Wisconsin	679,476	679,476	0	0
Wyoming	170,576	170,576	0	0
District of Columbia	170,576	170,576	0	0
Puerto Rico	642,954	624,083	0	0
American Samoa	0	0	0	0
Northern Marianas	0	0	0	0
Guam	0	0	0	0
Virgin Islands	20,042	20,042	0	0
Palau	0	0	0	0
TOTAL	34,720,000	34,409,000	0	0

VOCATIONAL AND ADULT EDUCATION
Vocational Education Tech-Prep Education Program

State or Outlying Area	1994 Appro. for 1995	1995 Estimate for 1996	1996 Request for 1997 ¹
Alabama	\$2,080,988	\$2,155,167	0
Alaska	211,594	223,491	0
Arizona	1,695,041	1,784,340	0
Arkansas	1,189,649	1,245,878	0
California	10,941,001	11,442,882	0
Colorado	1,333,288	1,395,210	0
Connecticut	951,945	965,289	0
Delaware	239,307	261,555	0
Florida	4,742,320	4,909,200	0
Georgia	3,047,440	3,187,484	0
Hawaii	413,452	413,649	0
Idaho	556,310	592,338	0
Illinois	4,177,970	4,348,819	0
Indiana	2,574,561	2,664,228	0
Iowa	1,216,528	1,290,492	0
Kansas	1,028,388	1,083,923	0
Kentucky	1,869,678	1,965,417	0
Louisiana	2,198,332	2,280,301	0
Maine	525,074	551,264	0
Maryland	1,515,043	1,581,800	0
Massachusetts	1,794,643	1,867,655	0
Michigan	3,903,651	4,034,454	0
Minnesota	1,712,412	1,782,572	0
Mississippi	1,406,567	1,471,027	0
Missouri	2,145,944	2,241,209	0
Montana	394,179	415,417	0
Nebraska	677,714	702,260	0
Nevada	460,094	465,839	0
New Hampshire	359,286	402,671	0
New Jersey	2,308,053	2,380,865	0
New Mexico	784,285	830,355	0
New York	5,660,999	5,730,930	0
North Carolina	3,125,659	3,229,083	0
North Dakota	304,839	316,974	0
Ohio	4,685,555	4,825,508	0
Oklahoma	1,558,195	1,622,260	0
Oregon	1,237,212	1,295,572	0
Pennsylvania	4,495,765	4,575,789	0
Rhode Island	378,452	381,683	0
South Carolina	1,828,780	1,895,876	0
South Dakota	334,768	345,052	0
Tennessee	2,324,702	2,404,437	0
Texas	8,132,490	8,408,912	0
Utah	1,052,274	1,148,208	0
Vermont	240,784	254,111	0
Virginia	2,414,593	2,537,886	0
Washington	1,932,269	1,980,767	0
West Virginia	924,756	966,885	0
Wisconsin	2,102,177	2,179,902	0
Wyoming	222,319	223,680	0
District of Columbia	172,813	168,844	0
Puerto Rico	2,044,397	2,110,285	0
American Samoa	0	0	0
Northern Marianas	0	0	0
Guam	0	0	0
Virgin Islands	58,465	60,305	0
Palau	0	0	0
Evaluation	<u>436,000</u>	<u>400,000</u>	0
TOTAL	104,123,000	108,000,000	0

¹ In 1996, proposed legislation would consolidate vocational education activities into a consolidated State grant. Distribution for the new State Grant program is not yet available.

VOCATIONAL AND ADULT EDUCATION

Vocational Education State Councils

State or Outlying Area	1994 Appro. for 1995	1995 Estimate for 1996	1996 Request for 1997 ¹
Alabama	\$157,822	\$153,917	0
Alaska	150,000	150,000	0
Arizona	154,572	151,137	0
Arkansas	150,316	150,000	0
California	232,432	225,000	0
Colorado	151,526	150,000	0
Connecticut	150,000	150,000	0
Delaware	150,000	150,000	0
Florida	225,000	225,000	0
Georgia	212,445	212,445	0
Hawaii	150,000	150,000	0
Idaho	150,000	150,000	0
Illinois	225,000	225,000	0
Indiana	183,895	183,895	0
Iowa	150,542	150,000	0
Kansas	150,000	150,000	0
Kentucky	156,043	152,495	0
Louisiana	160,144	160,144	0
Maine	150,000	150,000	0
Maryland	153,056	150,000	0
Massachusetts	155,411	151,761	0
Michigan	225,000	225,000	0
Minnesota	154,718	151,123	0
Mississippi	152,143	150,000	0
Missouri	158,369	156,169	0
Montana	150,000	150,000	0
Nebraska	150,000	150,000	0
Nevada	150,000	150,000	0
New Hampshire	150,000	150,000	0
New Jersey	177,553	177,553	0
New Mexico	150,000	150,000	0
New York	225,000	225,000	0
North Carolina	225,000	225,000	0
North Dakota	150,000	150,000	0
Ohio	225,000	225,000	0
Oklahoma	153,420	150,000	0
Oregon	150,717	150,000	0
Pennsylvania	225,000	225,000	0
Rhode Island	150,000	150,000	0
South Carolina	155,698	151,973	0
South Dakota	150,000	150,000	0
Tennessee	170,575	170,575	0
Texas	225,000	225,000	0
Utah	150,000	150,000	0
Vermont	150,000	150,000	0
Virginia	169,519	169,519	0
Washington	156,570	152,610	0
West Virginia	150,000	150,000	0
Wisconsin	158,000	154,103	0
Wyoming	150,000	150,000	0
District of Columbia	150,000	150,000	0
Puerto Rico	157,514	153,581	0
American Samoa	25,000	25,000	0
Northern Marianas	25,000	25,000	0
Guam	60,000	60,000	0
Virgin Islands	60,000	60,000	0
Palau	25,000	0	0
TOTAL	8,928,000	8,848,000	0

¹ In 1996, proposed legislation would consolidate vocational education activities into a consolidated State grant. Distribution for the new State Grant program is not yet available.

VOCATIONAL AND ADULT EDUCATION

Adult Education State Programs

State or Outlying Area	1994 Appro. for 1995	1995 Estimate for 1996	1996 Request for 1997 ¹
Alabama	\$5,124,722	\$5,079,031	0
Alaska	558,323	555,433	0
Arizona	3,355,707	3,326,597	0
Arkansas	3,099,852	3,073,140	0
California	28,245,903	27,983,496	0
Colorado	2,402,954	2,382,774	0
Connecticut	2,947,997	2,922,708	0
Delaware	817,956	812,633	0
Florida	13,259,274	13,137,337	0
Georgia	7,241,198	7,175,669	0
Hawaii	1,075,899	1,068,158	0
Idaho	1,037,759	1,030,375	0
Illinois	10,595,694	10,498,723	0
Indiana	5,407,977	5,359,631	0
Iowa	2,378,807	2,358,854	0
Kansas	2,066,896	2,049,866	0
Kentucky	4,900,690	4,857,098	0
Louisiana	4,983,801	4,939,431	0
Maine	1,272,672	1,263,086	0
Maryland	4,245,438	4,207,988	0
Massachusetts	4,977,584	4,933,272	0
Michigan	8,534,139	8,456,491	0
Minnesota	3,288,568	3,260,087	0
Mississippi	3,446,396	3,416,436	0
Missouri	5,230,033	5,183,354	0
Montana	856,909	851,221	0
Nebraska	1,373,861	1,363,327	0
Nevada	1,281,541	1,271,872	0
New Hampshire	1,054,572	1,047,031	0
New Jersey	7,274,305	7,208,465	0
New Mexico	1,658,526	1,645,324	0
New York	17,524,299	17,362,385	0
North Carolina	7,602,319	7,533,405	0
North Dakota	788,690	783,641	0
Ohio	10,313,541	10,219,215	0
Oklahoma	3,246,831	3,218,742	0
Oregon	2,404,264	2,384,072	0
Pennsylvania	11,617,349	11,510,802	0
Rhode Island	1,290,036	1,280,287	0
South Carolina	4,244,078	4,206,641	0
South Dakota	839,382	833,858	0
Tennessee	6,131,629	6,076,500	0
Texas	17,901,966	17,736,514	0
Utah	1,281,591	1,271,922	0
Vermont	674,505	670,526	0
Virginia	6,064,883	6,010,379	0
Washington	3,559,248	3,528,230	0
West Virginia	2,493,882	2,472,850	0
Wisconsin	4,231,738	4,194,417	0
Wyoming	560,605	557,694	0
District of Columbia	887,052	881,081	0
Puerto Rico	5,869,068	5,816,400	0
American Samoa	159,964	159,402	0
Northern Marianas	154,546	154,035	0
Guam	220,172	219,045	0
Virgin Islands	245,412	244,049	0
Palau	120,997	100,000	0
Micronesia	100,000	100,000	0
Marshall Islands	100,000	100,000	0
TOTAL	254,624,000	252,345,000	0

¹ In 1996, proposed legislation would consolidate adult education activities into a single State Adult Education and Family Literacy grant. Distribution for the new State Grant program is not yet available.

VOCATIONAL AND ADULT EDUCATION

State Literacy Resource Centers

State or Outlying Area	1994 Appro. for 1995	1995 Estimate for 1996	1996 Request for 1997 ¹
Alabama	\$158,259	\$156,856	0
Alaska	17,242	17,153	0
Arizona	103,629	102,735	0
Arkansas	95,728	94,908	0
California	872,275	864,216	0
Colorado	74,207	73,587	0
Connecticut	91,039	90,262	0
Delaware	25,260	25,097	0
Florida	409,467	405,721	0
Georgia	223,619	221,606	0
Hawaii	33,225	32,988	0
Idaho	32,048	31,821	0
Illinois	327,211	324,232	0
Indiana	167,007	165,522	0
Iowa	73,461	72,849	0
Kansas	63,829	63,306	0
Kentucky	151,341	150,002	0
Louisiana	153,907	152,545	0
Maine	39,302	39,008	0
Maryland	131,106	129,955	0
Massachusetts	153,715	152,354	0
Michigan	263,547	261,162	0
Minnesota	101,556	100,681	0
Mississippi	106,430	105,510	0
Missouri	161,511	160,078	0
Montana	26,463	26,288	0
Nebraska	42,427	42,104	0
Nevada	39,576	39,279	0
New Hampshire	32,567	32,335	0
New Jersey	224,642	222,619	0
New Mexico	51,218	50,813	0
New York	541,177	536,204	0
North Carolina	234,771	232,654	0
North Dakota	24,356	24,201	0
Ohio	318,498	315,600	0
Oklahoma	100,267	99,404	0
Oregon	74,247	73,627	0
Pennsylvania	358,761	355,488	0
Rhode Island	39,838	39,539	0
South Carolina	131,064	129,914	0
South Dakota	25,921	25,752	0
Tennessee	189,354	187,661	0
Texas	552,839	547,758	0
Utah	39,577	39,281	0
Vermont	20,830	20,708	0
Virginia	187,293	185,619	0
Washington	109,915	108,962	0
West Virginia	77,015	76,369	0
Wisconsin	130,683	129,536	0
Wyoming	17,312	17,223	0
District of Columbia	27,394	27,210	0
Puerto Rico	181,246	179,628	0
American Samoa	4,940	4,923	0
Northern Marianas	4,773	4,757	0
Guam	6,799	6,765	0
Virgin Islands	7,579	7,537	0
Palau	<u>3,737</u>	<u>3,088</u>	0
TOTAL	7,857,000	7,787,000	0

¹ In 1996, proposed legislation would consolidate adult education activities into a single State Adult Education and Family Literacy grant. Distribution for the new State Grant program is not yet available.

Department of Education
STUDENT FINANCIAL ASSISTANCE
Fiscal Year 1996 Budget Request

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STUDENT FINANCIAL ASSISTANCE

For carrying out subparts 1, 3 and 4 of part A, and parts C, E, and H of title IV of the Higher Education Act of 1965, as amended, [including, notwithstanding section 401(a)(1), not to exceed 3,930,000 Pell Grant recipients in award year 1994-1995, \$7,702,970,000] ¹ \$7,659,415,000, which shall remain available through September 30, [1996] 1997, and of which [\$63,375,000] \$31,375,000 shall be for State Student Incentive Grants under subpart 4 of part A.

The maximum Pell Grant for which a student shall be eligible during award year [1995-1996] 1996-1997 shall be [\$2,340] \$2,500. ² *Provided*, That notwithstanding section 401(g) of the Act, as amended, if the Secretary determines, prior to publication of the payment schedule for award year [1995-1996] 1996-1997, that the [\$6,247,180,000] \$6,225,125,000 included within this appropriation for Pell Grant awards for award year [1995-1996] 1996-1997, and any funds available from the FY [1994] 1995 appropriation for Pell Grant awards, are insufficient to satisfy fully all such awards for which students are eligible, as calculated under section 401(b) of the Act, the amount paid for each such award shall be reduced by either a fixed or variable percentage, or by a fixed dollar amount, as determined in accordance with a schedule of reductions established by the Secretary for this purpose. (*Department of Education Appropriations Act, 1995.*)

NOTES

Each language provision that is followed by a footnote reference is explained in the Analysis of Language Provisions and Changes document which follows the appropriation language.

This language supports the budget proposal without accounting for changes proposed for later transmittal as a part of the President's GI Bill for America's Workers. These changes will raise the maximum Pell grant award for award year 1996-97 to \$2,620, and will limit Pell grants only to students enrolled in programs of study leading to an Associate's or a Bachelor's degree. Individuals enrolled in non-degree programs who are currently eligible under the Pell grant program, would be eligible to receive assistance under a new Skill grant program funded by the Department of Labor.

(Supplemental language proposal)

STUDENT FINANCIAL ASSISTANCE

Under this head in Public Law 103-333, delete "\$6,247,180,000" and insert
"\$6,243,680,000".

STUDENT FINANCIAL ASSISTANCE

Analysis of Language Provisions and Changes

Language Provision	Explanation
¹ ...[including, notwithstanding section 401(a)(1), not to exceed 3,930,000 Pell Grant recipients in award year 1994-1995, \$7,702,970,000]	This provision is deleted because it was a one-time change for award year 1994-95 to reflect declining costs for the Pell grant program in 1994. The language was required by Congressional Budget Office scorekeeping rules.
² The maximum Pell Grant for which a student shall be eligible during award year [1995-1996] <u>1996-1997</u> shall be [\$2,340] <u>\$2,500</u> :	This provision specifies and increases the maximum Pell grant award for award year 1996-1997 by \$160, to \$2,500.

STUDENT FINANCIAL ASSISTANCE

Amounts Available for Obligation
(\$ in 000s)

	1994	1995	1996
<u>Current authority:</u>			
Annual appropriation	\$8,020,160	\$7,702,970	\$7,659,415
Enacted supplemental	<u>80,000</u>	<u> </u>	<u> </u>
Subtotal, current authority	8,100,160	7,702,970	7,659,415
Adjustment to reflect legislative proposal: <u>Department of Labor</u> Skill grants to students in non-degree programs ¹	<u>-1,780,316</u>	<u>-1,827,102</u>	<u>-1,744,988</u>
Subtotal, adjusted budget authority	6,319,844	5,875,868	5,914,427
<u>Permanent authority:</u> Real transfer from the <u>Department of Defense</u> for Pell grants ²	<u>3,165</u>	<u>3,165</u>	<u>0</u>
Subtotal, gross budget authority	6,323,009	5,879,033	5,914,427
Recovery of prior-year obligations	96,107	0	0
Unobligated balance, start of year	2,765,473	3,074,129	2,373,801
Unobligated balance, end of year	-3,074,129	-2,373,801	-1,702,452
Unobligated balance, expiring	<u>-92</u>	<u>0</u>	<u>0</u>
Total obligations, adjusted ³	6,110,368	6,579,361	6,585,776
Total obligations, unadjusted	[7,890,684]	[8,406,463]	[6,585,776]

¹ Represents in 1994 and 1995, an estimated portion of Pell grants received by students enrolled in non-degree programs. Represents in 1996, a portion of the funds that will be requested by Department for Labor for Skill grants.

² Represents benefits for participants in Operation Desert Shield/Storm appropriated by transfer from the Department of Defense pursuant to P.L. 102-27, the Dire Emergency Supplemental Appropriations Act of 1991.

³ Represents in 1994 and 1995, an adjustment for the estimated portion of Pell grants that were received by students enrolled in non-degree programs.

STUDENT FINANCIAL ASSISTANCE

Obligations by Object
(\$ in 000s)

	1994	1995	1995 Revised ¹	1996
Grants, subsidies, and contributions, adjusted ^{2,3}	\$6,110,368	\$6,578,031	\$6,579,361	\$6,585,776
Grants, subsidies, and contributions, unadjusted ²	[7,890,684]	[8,405,133]	[8,406,463]	[6,585,776]

¹ Reflects a proposed language supplemental to correct a technical error in the 1995 appropriations act in which \$6,247,180,000 was earmarked for Pell grants instead of \$6,243,680,000 intended by Congress.

² Includes \$3.165 billion in fiscal years 1994 and 1995 appropriated by transfer from the Department of Defense pursuant to P.L. 102-27, the Dire Emergency Supplemental Appropriations Act of 1991.

³ Reflects in 1994 and 1995, an adjustment for the estimated portion of Pell grants that were received by students enrolled in non-degree programs.

STUDENT FINANCIAL ASSISTANCE

Summary of Changes
(\$ in 000s)

1995, unadjusted	\$7,702,970 ¹
(Obligations)	(8,406,463)
1996	5,914,427
(Obligations)	(6,585,776)
Net change	-1,788,543
(Obligations)	(-1,820,687)

¹ Excludes \$3.165 million in permanent authority in 1995, transferred from Department of Defense pursuant to P.L. 102-27.

	<u>1995 base</u>	<u>Change from base</u>
<u>Increases:</u>		
<u>Built in:</u>		
Increase to cover loan cancellation obligations on Perkins loans	\$14,500	+\$5,500
<u>Program:</u>		
Increase to fund estimated Pell grant program costs for the 1996-97 award year at maximum award of \$2,620	6,247,180	+362,323
Increase to State Postsecondary Review Program to strengthen State efforts to ensure the financial and educational soundness of postsecondary institutions approved to participate in HEA Title IV programs	20,000	<u>+5,000</u>
Subtotal, increases		+372,823

STUDENT FINANCIAL ASSISTANCE

Summary of Changes -- Continued

	<u>1995 base</u>	<u>Change from base</u>
<u>Decreases:</u>		
<u>Program:</u>		
Decrease for legislative proposal to limit Pell grant eligibility to degree-seeking students and to shift responsibility for grants for students who are enrolled in non-degree programs to the Department of Labor's Skill grant program	\$6,247,180	-\$2,129,366
Decrease in State Student Incentive Grants through two-year phase-out of this program, which has served its original purpose	63,375	<u>-32,000</u>
Subtotal, decreases		-2,161,366
Net change		-1,788,543

STUDENT FINANCIAL ASSISTANCE

Authorizing Legislation

Activity	1995 Authorized	1995 Estimate	1996 Authorized	1996 Request
Federal Pell grants (HEA-IV-A-1) Institutional payments (HEA-IV-G-489) ³	Indefinite Indefinite	\$6,243,680,000 ^{1,2}	Indefinite Indefinite	\$4,480,137,000 ²
Federal Supplemental educational opportunity grants (HEA-IV-A-3) Institutional payments (HEA-IV-G-489) ⁴	Indefinite Indefinite	583,407,000	Indefinite Indefinite	583,407,000
Federal Work-study (HEA-IV-C) Institutional payments (HEA-IV-G-489) ⁴ Institutional payments for Job Location and Development centers (HEA-IV-C-446) ⁵ Work Colleges (HEA-IV-C-448) ⁶	Indefinite Indefinite Indefinite Indefinite	616,508,000	Indefinite Indefinite Indefinite Indefinite	616,508,000
Federal Perkins loans (HEA-IV-E) a) Federal capital contributions b) Loan cancellations Institutional payments (HEA-IV-G-489) ⁴	Indefinite Indefinite Indefinite	158,000,000 18,000,000	Indefinite Indefinite Indefinite	158,000,000 20,000,000
State student incentive grants (HEA-IV-A-4)	Indefinite	63,375,000	Indefinite	31,375,000
State postsecondary review program (HEA-IV-H-1)	Indefinite	20,000,000	Indefinite	25,000,000

STUDENT FINANCIAL ASSISTANCE

Authorizing Legislation -- Continued

Activity	1995 Authorized	1995 Estimate	1996 Authorized	1996 Request
Unfunded authorizations:				
Presidential access scholarships (HEA-IV-A, Chapter 3)	Indefinite	0	Indefinite	0
Total definite authorization		<u>0</u>		<u>0</u>
Total appropriation		\$7,702,970,000		\$5,914,427,000

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- ¹ Excludes \$3,165,000 by transfer from the Department of Defense pursuant to Public Law 102-27. The Dire Emergency Supplemental Appropriations Act of 1991.
- ² Reflects a proposed language supplemental to correct a technical error in the 1995 appropriations act in which \$6,247,180,000 was earmarked for Pell grants instead of \$6,243,680,000 intended by Congress.
- ³ Payments to institutions based on a \$5 per Pell grant recipient calculation reimburse institutions for a share of the cost of administering the Pell grant program. Funds for these payments are reserved from the Pell grant appropriation.
- ⁴ Institutions are authorized to use up to 5 percent of the first \$2,750,000 of expenditures for the Supplemental Educational Opportunity Grant, Work-Study, and Perkins Loan programs for administrative expenses; plus 4 percent of expenses in excess of this amount but less than \$5,500,000; plus 3 percent of expenses above \$5,500,000.
- ⁵ Institutions are authorized to use not more than 10 percent or \$50,000 of their Work-Study allocations for the costs of establishing or expanding programs to locate or develop jobs, including community service jobs, for currently enrolled students.
- ⁶ Although specific appropriations language did not include an amount for work-colleges, the Conference Joint Explanatory Report (Report 103-733) included \$1,500,000 to carry out the provisions of section 448 of the Higher Education Act. This amount is included in the total for Federal Work-Study.

STUDENT FINANCIAL ASSISTANCE

Table of Estimates and Appropriations
(\$ in 000s)

	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1987	\$3,812,568	---	\$5,196,000	\$5,196,000
1987 Rescission	-1,269,000	---	---	---
1987 Supplemental	287,000	\$226,730	287,000	287,000
1988	3,336,000	5,806,000	5,837,098	5,544,792
1989	6,099,597	5,907,736	5,833,845	5,814,320
1990	6,366,960	6,021,960	6,096,000	6,175,097
1990 Supplemental	---	---	---	8,520 ²
1990 Sequester	---	---	---	84,331
1991	6,352,415	6,777,000	6,873,950	6,713,681 ³
1991 Sequester	---	---	---	-87
1992	6,713,681	6,853,000	6,962,356	6,884,880 ³
1992 Rescission	---	---	---	-310
1992 Supplemental	40,000	---	---	40,000
1993	7,689,637	8,101,170	7,427,928	7,546,109 ^{3,4}
1993 Supplemental	2,023,730	---	---	---
1993 Supplemental	---	---	---	341,000
1993 Supplemental	---	---	---	30,000
1994	7,514,436 ³	8,120,356 ³	8,004,293 ³	8,020,160 ³
1994 Supplemental	---	---	---	80,000 ⁵
1995	7,863,935 ³	7,825,417	7,685,524	7,702,970
1996	5,914,427 ⁶			

¹ Reflects the decision of the House to provide no 1987 allowance for Student Financial Assistance programs that had not yet been reauthorized.

² Reflects transfers of \$2.520 million to the School improvement programs account and \$6 million to the Department of Health Services for the Refugee and entrant assistance program, pursuant to P.L. 101-302.

³ Excludes permanent authority of \$1.290 million in FY 1991 and \$3.165 million in FY 1992, FY 1993, FY 1994 and FY 1995 appropriated by transfer from Department of Defense for participants in Operation Desert Shield/Storm, pursuant to the Dire Emergency Supplemental Appropriations Act of 1991 (P.L. 102-27).

⁴ Includes transfer of \$90.115 million from funds appropriated to the Educational Excellence account in 1992.

⁵ Appropriated to assist victims for the Northridge, California earthquake.

⁶ Reflects Administration's GI Bill for America's Workers.

STUDENT FINANCIAL ASSISTANCE**Significant Items in FY 1995 Appropriations Reports****State Postsecondary Review Program - Approval of Review Standards**

Conference: The Conferees direct that the designation of institutions to be reviewed shall not be final, released, nor published until the State Postsecondary Review Entity (SPRE) has received the Secretary's concurrence for its institutional review standards.

Response: The Department will comply with the directive which prohibits release of the list of schools referred to a SPRE until the SPRE has its review standards approved by the Secretary.

State Postsecondary Review Program - Priority System for Institutional Reviews

Conference: The Conferees direct the Department to work with each SPRE with approved plans to arrive at a priority list of approved institutions within their State that will be subject to a SPRE review.

Response: The Department will work closely with each SPRE to ensure that priority plans are established.

STUDENT FINANCIAL ASSISTANCE

Summary of Request
(\$ in 000s)

	1995	1995 Revised ¹	1996	Change from 1995 Revised
Federal Pell grants:				
Comparable	\$4,420,078 ^{2,3}	\$4,416,578 ^{2,3}	\$4,480,137 ⁴	+ \$63,559
(Non-comparable)	(6,247,180) ²	(6,243,680) ²	(4,480,137) ⁴	
Campus-based grants:				
Federal supplemental educational opportunity grants	583,407	583,407	583,407	0
Federal work-study	<u>616,508</u>	<u>616,508</u>	<u>616,508</u>	<u>0</u>
Subtotal	1,199,915	1,199,915	1,199,915	0
Federal Perkins loans:				
Federal capital contributions	158,000	158,000	158,000	0
Loan cancellations	<u>14,500</u>	<u>18,000</u>	<u>20,000</u>	<u>+2,000</u>
Subtotal	172,500	176,000	178,000	+2,000
State student incentive grants	63,375	63,375	31,375	-32,000
State postsecondary review program	<u>20,000</u>	<u>20,000</u>	<u>25,000</u>	<u>+5,000</u>
Total, comparable	5,875,868	5,875,868	5,914,427	+38,559
(Total, non-comparable)	(7,706,135)	(7,702,970)	(5,914,427)	

¹ Reflects a proposed language supplemental to correct a technical error in the 1995 appropriations act in which \$6,247,180,000 was earmarked for Pell grants instead of \$6,243,680,000 intended by Congress. An offsetting reduction has been made to Perkins loan cancellations. This will be restored following enactment.

² Excludes \$3.165 million in fiscal years 1994 and 1995 appropriated from the Department of Defense pursuant to P.L. 102-27, the Dire Emergency Supplemental Appropriations Act of 1991.

³ Adjusted in 1995 by \$1.827 billion for comparability to the President's 1996 proposal limiting Pell grants to degree-seeking students.

⁴ Excludes \$372.025 million, the portion of the \$472.025 million surplus budget authority carried over from prior years to be used in fiscal year 1996.

STUDENT FINANCIAL ASSISTANCE

Summary of Request

The Department of Education administers seven Federal student financial assistance programs, including the two major loan programs, Federal family education loans and Ford direct loans. The Student Financial Assistance (SFA) appropriation account includes:

- o Pell grants
- o Supplemental educational opportunity grants
- o Work-study
- o Perkins loans and
- o State student incentive grants

In addition to these student financial assistance programs, the SFA appropriation account also includes the State postsecondary review program. Participation under this program requires that States review institutions identified by the Department to determine whether they are meeting State quality and performance standards, and whether they should continue participating in the Federal student financial assistance programs.

The 1996 budget request for Student Financial Assistance promotes three of the four priorities set forth in the Department's strategic plan:

- o First, it ensures that financially disadvantaged individuals have access to quality postsecondary education and lifelong learning by making postsecondary education more affordable.
- o Second, it strengthens the partnership between the Departments of Education and Labor in promoting State school-to-work opportunity systems that prepare young people and adults for employment and future education through the new GI Bill for America's Workers, which will restructure and improve the delivery of direct grant aid to students enrolled in non-degree training programs.
- o Third, it advances the transformation of the Department into a high-performance organization through strong leadership, new partnerships, and improved management in institutional gatekeeping and oversight.

The Administration's 1996 request for the Student Financial Assistance account is \$5.914 billion, an increase in budget authority of \$38.56 million from the comparable 1995 appropriation level. The comparable 1995 appropriations level reflects an adjustment of \$1.827 billion for comparability to the Administration's 1996 proposal to limit Pell grants only to degree-seeking students and provide assistance to students in non-degree programs through a new Skill grant program funded by the Department of Labor (discussed below). (The actual appropriation for the Student Financial Assistance account in 1995 was \$7.703 billion). The 1996 request also reflects utilization of a projected cumulative surplus from the Pell grant program of \$372 million from prior years.

STUDENT FINANCIAL ASSISTANCE

Summary of Request -- continued

Making Postsecondary Education More Affordable

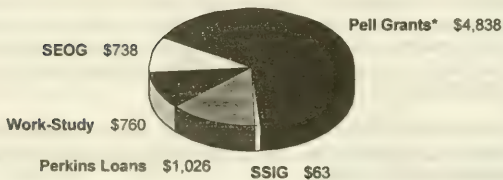
Under the 1996 request, the Administration is proposing to raise the maximum Pell grant award in 1996 by \$280 from its 1995 enacted level of \$2,340 to \$2,620, an increase of 12 percent.

The 1996 request for Student Financial Assistance would also continue funding for Federal Supplemental Educational Opportunity Grants, Federal Work-Study, and Perkins Loan Federal Capital Contributions -- the campus-based programs -- at their 1995 levels. These three programs, in conjunction with the Pell grant program, reduce financial barriers to postsecondary education and lifelong learning while providing institutions with flexibility in developing financial aid packages that best meet the needs of their students.

Proposed 1996 Budget for SFA Account

Aid Available to Students

(\$ in millions)



*An additional \$3.632 billion in Skill grants for students in non-degree programs would be available in the Labor Department budget request

Programs in the SFA Account: Under 1996 request, total aid available to students from the programs in the SFA account would be \$7.425 billion, an increase of \$651 million over the comparable 1995 level¹. The programs would provide over 7.4 million student aid awards in 1996, an increase of 651,000 over the comparable 1995 level.

Total Student Financial Assistance: Aid available under all the Federal student financial assistance programs administered by the Department, including student loans, would also

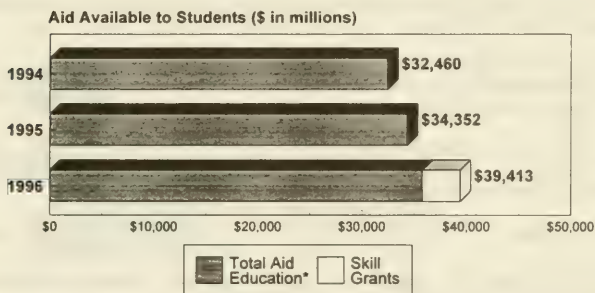
¹ Comparable 1995 level includes an estimate of Pell grants for students enrolled in degree programs. An additional \$1.821 billion in Pell grants for students enrolled in non-degree programs was available in 1995.

STUDENT FINANCIAL ASSISTANCE

Summary of Request -- continued

significantly increase under the 1996 request. The Administration's 1996 request would make \$35.8 billion in aid available to students under the Federal student aid programs, an increase of \$3.25 billion over the 1995 comparable level².

Total Postsecondary Education and Training Assistance: Total level of aid available for postsecondary education and training, which includes the programs in SFA account, the Department's student loan programs, and the Labor Department's proposed Skill grant program would significantly increase under Administration's 1996 proposal. Together these postsecondary education and training programs would provide over \$39.4 billion in aid to an estimated 8.2 million recipients in 1996.³ The following chart shows the Administration's increased commitment to postsecondary education and training.

Making Postsecondary Education More AffordableTotal Aid Available for Postsecondary
Education and Training

* includes student loans

² Comparable 1995 level for total aid available under the Department's student financial assistance programs includes only Pell grants to students enrolled in degree programs. An additional \$1.821 billion in Pell grants for non-degree programs was available in 1995.

³ Includes total aid available to all recipients under the proposed Skill grant program. If only the Pell grant-comparable Skill grants are included, the total aid available is estimated at \$37.9 billion and the total recipients are estimated at 7.5 million.

STUDENT FINANCIAL ASSISTANCE

Summary of Request-- continued

The Federal student financial assistance programs have successfully improved postsecondary educational opportunity for low- and middle-income students by providing them with direct financial assistance -- grants, loans, and work-study jobs -- for education and training. Not only has this financial assistance afforded millions of Americans with access to postsecondary education, it has also afforded them a choice among the widest array of education and training opportunities available in the world -- A choice to get the knowledge and skills they need, at the time, place, and manner that makes sense for them.

The Administration's "Middle Class Bill of Rights" builds upon the foundation of postsecondary education access and choice pioneered in the Federal student financial assistance programs. The proposal will ensure that even more Americans will have access and choice in getting the education and training they need to make it in the competitive global economy. In addition to the over \$39 billion dollars that will be available for postsecondary education and training in the 1996 request, the Administration's plan contains two major tax proposals that will put money back into the pockets of American families to meet their education and training needs. The proposals will provide:

- o A substantial tax deduction for education and training (up to \$5,000 in 1996, and \$10,000 beginning in 1999); and
- o The ability to withdraw funds without penalty from Individual Retirement Accounts (IRAs) to pay for postsecondary education expenses, as well as increasing the income eligibility levels for tax-deductible IRA contributions.

The Middle Class Bill of Rights reflects the President's belief that most of the education and training resources should go directly into the hands of individuals so that they can make their own informed choices about their education and training.

GI Bill for America's Workers

The 1996 Pell grant budget request supports the GI Bill for America's Workers, another part of the Administration's Middle Class Bill of Rights. This initiative combines the current maze of 70 federally funded workforce development programs into one interrelated lifelong learning system -- one that is more accessible, less wasteful, and places emphasis on individual control and personal responsibility. At the same time, the proposal increases funding for this new system by about \$1 billion.

Restructuring the Pell grant program is an important part of the GI Bill for America's Workers. Under this proposal, students enrolled in programs leading to an Associate's or a Bachelor's degree would continue to receive Pell grants as they do under current law. However, the basic program of grant assistance for students enrolled in non-degree postsecondary programs would shift from the current Pell grant program to the new Skill grant program. Skill grant funds would be appropriated to the Department of Labor and administered by States and local communities. In addition to serving the individuals enrolled in non-degree programs who currently receive roughly one-third of Pell grant funds, Skill grants would also serve disadvantaged individuals and dislocated workers currently receiving assistance under the Job Training Partnerships Act (JTPA) programs. The maximum Skill grant would be \$2,620, the same as the maximum award proposed for the Pell grant.

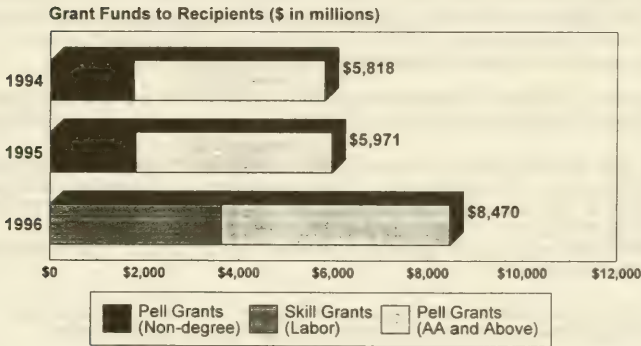
STUDENT FINANCIAL ASSISTANCE

Summary of Request-- continued

The Skill grant program addresses a serious shortcoming in serving students enrolled in non-degree vocational programs -- the lack of adequate information and assistance for students on career opportunities and on the quality of the training offered. For many, not having this information makes them easy targets for unscrupulous or incompetent training providers. The Skill grant program would increase its recipients' chances for success by providing them with job search assistance, career counseling, and related support services, in addition to the track records of the training programs for which their Skill grants could be used. Moreover, individuals would benefit from the increased flexibility that States and localities would have in tailoring services and training programs to meet local needs.

GI Bill for America's Workers

Pell and Skill Grant Aid Available



The GI Bill for America's Workers would make a total of \$8.470 billion in grant aid available under the Pell grant and Skill grant programs in 1996. The number of Pell grant recipients who are enrolled in degree programs would increase by 147,000 and the amount of Pell grant aid to these students would increase by almost \$700 million in 1996.

STUDENT FINANCIAL ASSISTANCE

Summary of Request-- continued

Stronger Institutional Gatekeeping and Oversight

In addition to the increased accountability that would result from the restructuring of the education and training system under the GI Bill for America's Workers, the Department is also promoting greater accountability to consumers and taxpayers through the institutional gatekeeping and oversight activities of the Program Integrity Triad.

The Higher Education Amendments of 1992 significantly increased the gatekeeping responsibilities of each component of the Program Integrity Triad --- States, accrediting agencies, and the Federal Government. Since enactment of this legislation, the Department has taken steps to implement the new requirements and to support the other two members of the Triad in carrying out their responsibilities. The Department will continue this leadership role by coordinating and evaluating the activities of the Triad to ensure that it is meeting its objective of improving the accountability and integrity of institutions participating in the Federal student financial assistance programs.

The 1996 budget request for the State Postsecondary Review program is \$25 million, an increase of \$5 million over the 1995 level. Significant progress has been made in laying the groundwork for the institutional reviews under this program, which will begin in 1995 and which are expected to increase dramatically in 1996. The Department will continue to provide assistance and guidance to States in implementing this new program.

The Department has also taken a number of steps over the last year in the other two areas of the Program Integrity Triad that promote accountability and will improve program performance.

During the last year, the Department implemented the regulations for recognition of accrediting agencies by the Secretary. Since publication of these regulations, the Secretary has already denied recognition to eight accrediting agencies that did not measure up to the Secretary's standards. In May of this year, 17 more agencies will come up for recognition. The Department also continues to monitor agency performance through agency reports, complaint referrals, and on-site reviews.

The Department has also taken a number of steps to improve its own performance as a member of the Triad in the area of direct oversight and gatekeeping. These include:

- o Reorganizing all the oversight and gatekeeping offices into one structure;
- o Assembling a new team of managers with substantial experience in institutional oversight;
- o Completing a state-of-the art information system to support each component of the Program Integrity Triad and provide up-to-date information regarding all institutions participating in the Federal student financial assistance programs;
- o Designing and implementing improved methods for targeting problem institutions;
- o Increasing the number of staff conducting on-site reviews of institutions;
- o Intensively training newly recruited staff and retraining current staff in review methods.

STUDENT FINANCIAL ASSISTANCESummary of Request-- continuedOther Items in the 1996 Budget Request for Student Financial Assistance

In support of the Administration's objective of creating a government that works better and costs less, the Department's 1996 budget request proposes to phase-out the State Student Incentive Grant (SSIG) program. The two-year phase-out proposed for this program is needed to give States and institutions time to adequately plan for the elimination of Federal matching funds for this activity. The Department proposes that SSIG be funded at half of the 1995 level in 1996, and completely eliminated in 1997. The SSIG program has served its purpose of encouraging States to provide need-based grants to postsecondary students. For this reason, the Administration's National Performance Review Report recommended that the SSIG program be eliminated.

STUDENT FINANCIAL ASSISTANCE

Federal Pell grants

(Higher Education Act of 1965, Title IV, Part A, Subpart 1)

1996 Authorization (in \$000s): Indefinite

Budget Authority (in \$000s):

	<u>1995</u>	<u>1995 Revised¹</u>	<u>1996</u>	<u>Change from 1995 Revised</u>
Comparable	4,420,078 ^{2,3}	\$4,416,578 ^{2,3}	\$4,480,137 ⁴	+\$63,559
(Non-comparable)	(6,247,180) ²	(6,243,680) ²	(4,480,137)	

¹ Reflects a proposed language supplemental to correct a technical error in the 1995 appropriations act in which \$6,247,180,000 was earmarked for Pell grants instead of \$6,243,680,000 intended by Congress.

² Excludes \$3.165 billion in fiscal year 1995 appropriated by transfer from the Department of Defense pursuant to P.L. 102-27, the Dire Emergency Supplemental Appropriations Act of 1991.

³ Adjusted in 1995 by \$1.827 billion for comparability to the President's 1996 proposal limiting Pell grants to degree-seeking students.

⁴ Excludes \$372.025 million, the portion of the estimated \$472.025 million surplus budget authority carried over from prior years to be used in fiscal year 1996.

PURPOSE AND METHOD OF OPERATION

The Federal Pell grant program provides need-based grants to low-income undergraduate students to promote access to postsecondary education. Appropriations for the Pell grant program are discretionary and not based on entitlement, with the level of funding dependent upon the availability of appropriations. Funds are available for obligation from July 1 of the fiscal year of appropriation through September 30 of the subsequent fiscal year. Funds appropriated in fiscal year 1996 will primarily support awards in the 1996-97 academic year.

The need analysis formula for the Title IV need-based student aid programs, stipulated in the Higher Education Act, determines financial eligibility for Pell grants and is applied uniformly to all applicants. This formula determines a student's "expected family contribution" (EFC). The fundamental elements in the formula are the student's and, in the case of dependent students, the parents' income and assets (excluding the value of the family's home or farm), the family's household size, and the number of family members attending postsecondary institutions. Basically, the EFC is the sum of (1) a percentage of net income (remaining income after subtracting allowances for basic living expenses), plus (2) a percentage of net assets (assets remaining after subtracting an asset protection allowance). Different assessment rates and allowances are used for dependent students, independent students without dependents, and independent students with dependents.

Student eligibility:

Students may use their grants at any one of approximately 6,900 participating postsecondary institutions. Pell grants are disbursed to the student through the institution. The annual award amount may vary from the statutory minimum of \$400 up to a statutorily authorized maximum of \$4,300 for academic year 1996-97. Annual maximum award levels are routinely limited by

STUDENT FINANCIAL ASSISTANCE

Federal Pell grants

appropriation acts. The maximum award for the 1995-96 school year was limited to \$2,340 by language specified in the appropriations act governing fiscal year 1995.

Recipients must be undergraduates and enrolled with the purpose of obtaining a degree or certificate at an eligible institution. Students must also have a high school diploma (or its equivalent) or a demonstrated ability to benefit from the training offered by the institution. Less than full-time students are eligible for awards, which are prorated on the basis of enrollment status.

Award rules:

The amount of the Pell grant award is the lesser of the following three amounts:

- o The maximum award minus the EFC,
- o The student's cost of attendance minus the EFC, or
- o In any year for which an appropriation act provides a maximum award in excess of \$2,400, the sum of: (1) \$2,400 plus one-half of the difference between the maximum award and \$2,400; and (2) the lesser of: (a) the remaining one-half of the difference between the maximum award and \$2,400, or; (b) the sum of the student's tuition and allowances for dependent care and disability-related expenses.

Costs of attendance:

For purposes of determining the Pell grant award, the cost of attendance is established by the postsecondary institution and includes the following components:

- o Tuition and fees,
- o An allowance for books, supplies, transportation, and miscellaneous expenses,
- o Allowances for dependent care and disability-related expenses, and
- o Living allowances of
 - the actual amount charged by the institution for room and board for students living at school,
 - not less than \$1,500 for students living with parents, and
 - not less than \$2,500 for all other students.

The cost of attendance for a less-than-half-time student includes tuition and fees; an allowance for books, supplies and transportation; and dependent care. The cost of attendance for an incarcerated student is limited to tuition and fees and, if required, books and supplies.

Financial aid administrator discretion:

The Higher Education Act provides that financial aid administrators may adjust a student's Pell grant award by changing the cost of attendance or the value of data elements used to calculate the EFC to reflect a student's "special circumstances," which are not subject to definition by the Secretary.

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Federal Pell grants

Institutional payments:

The Higher Education Act provides for payments to institutions based on a \$5 per Pell grant recipient calculation, to reimburse institutions for a share of the cost of administering the Pell grant program. Funds for these payments are reserved from the Pell grant appropriation.

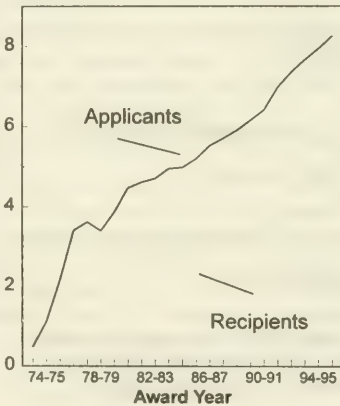
Program history:

A graph showing applicant, recipient and award trends in the Pell grant program since its inception follows. Applicant growth is affected by many factors, including college enrollment and the recent requirement that students complete the Federal application form prior to receiving any Title IV student aid. Recipient growth is affected by changes in family incomes, need analysis, and the level of the maximum Pell grant award, as well as by the factors affecting changes in applicant levels.

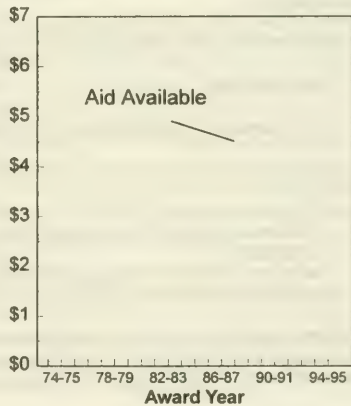
Pell Grant Program

Summary Statistics (Award Years 1973-74 through 1995-96)

(Millions)



(Billions)



Note: Award Years 1994-95 and 1995-96 are projected

STUDENT FINANCIAL ASSISTANCE

Federal Pell grants

Funding levels for the past five fiscal years were as follows:

(\$ in 000s)

1991.....	5,374,212 ¹
1992.....	5,499,690 ¹
1993.....	6,458,805 ^{1,2}
1994.....	6,633,566 ^{1,3}
1995.....	6,243,680 ⁴

¹Excludes \$1.290 million in FY 1991, and \$3.165 million in FY 1992, FY 1993, and FY 1994 appropriated by transfer from the Department of Defense, pursuant to P.L. 102-27, the Dire Emergency Supplemental Appropriations Act of 1991.

²Includes appropriation of \$671.237 million to cover estimated costs of cumulative Pell grant program funding shortfalls and supplemental appropriation of \$30 million provided in the fiscal year 1993 Emergency Supplemental Appropriations for Relief from Major, Widespread Flooding in the Midwest.

³Includes appropriation of \$250 million to help cover estimated costs of cumulative Pell grant program funding shortfall.

⁴Reflects a proposed language supplemental to correct a technical error in the 1995 appropriations act in which \$6,247,180,000 was earmarked for Pell grants instead of \$6,243,680,000 intended by Congress.

Aid Available:

The aid available calculations presented in the Pell grant policy discussions and impact data represent the Department's estimate of the amount needed to fund the program in that award year less the institutional payments for the projected number of recipients.

1995 REVISED REQUEST

The Department is proposing a supplemental language change to correct a technical error in the 1995 appropriations language. The amount earmarked for Pell grants which appeared in the comparative statement of budget authority was "\$6,243,680,000", but an amount of "\$6,247,180,000" appeared in the appropriations language. This amendment would not change the account total, which is the same in both the appropriations language and the comparative statement, "\$7,702,970,000".

1996 BUDGET REQUEST

The Department requests \$4.480 billion for Pell grants, an increase of \$63.6 million over the comparable 1995 appropriation level. The comparable 1995 level reflects an adjustment of \$1.827 billion for comparability to the President's 1996 proposal limiting Pell grants only to degree-seeking students.

The 1996 request for Pell grants contains two major policy proposals included in the GI Bill for America's Workers, a component of the Administration's Middle Class Bill of Rights. The goals of this proposal are to make postsecondary education more affordable and to restructure current Federal workforce development programs to better meet the needs of America's workforce.

STUDENT FINANCIAL ASSISTANCE**Federal Pell grants**

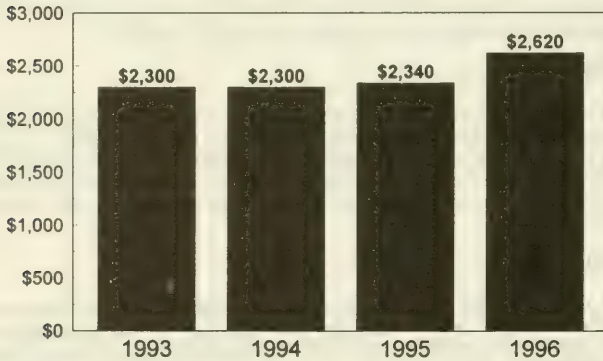
- o First, the Administration is proposing to raise the maximum Pell grant award by 12 percent over the 1995 level; and
- o Second, the Administration is proposing to restructure the Pell grant program to serve only students enrolled in degree programs, and to shift the Pell grant resources currently being spent for students enrolled in non-degree programs to a new Skill grant program funded by the Department of Labor. The Department of Labor would combine these resources, along with resources from other workforce development programs, into one interrelated lifelong learning system.

Increased Maximum Award

The maximum Pell grant award would be increased by \$280 from \$2,340 to \$2,620. Raising the maximum grant increases aid to students at the lowest income levels, and improves the financial accessibility to higher education by increasing the purchasing power of Pell grants.

Change in Maximum Pell Grant Award

1993 - 1996

Maximum Award

STUDENT FINANCIAL ASSISTANCE

Federal Pell grants

GI Bill for America's Workers

The Administration's GI Bill for America's Workers combines the current maze of 70 Federal workforce development programs into one interrelated lifelong learning system -- one that is more accessible, less wasteful, and places emphasis on individual control and personal responsibility. Restructuring the Pell grant program is an important part of the GI Bill for America's Workers. Under the Administration's proposal, students enrolled in programs leading to an Associate's or a Bachelor's degree would continue to receive Pell grants as they do under current law. However, the basic program of grant assistance for students enrolled in non-degree postsecondary programs would shift from the current Pell grant program to a new Skill grant program administered by the Department of Labor.

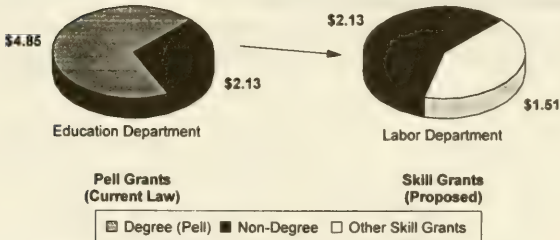
The Labor Department's Skill grant program would serve individuals enrolled in non-degree programs, who currently receive roughly one-third of Pell grant funds, and disadvantaged individuals and dislocated workers currently receiving assistance under the Job Training Partnerships Act (JTPA) programs. Skill grant funds would be appropriated to the Department of Labor and administered by States and local communities.

The Administration is proposing that Skill grant recipients receive the maximum award of \$2,620 proposed for the Pell grant program. However, in addition to receiving financial assistance, Skill grant recipients would also receive job search assistance, career counseling, and other support services provided under the GI Bill for America's Workers. Skill grant recipients would benefit from the increased flexibility that States and localities would have in tailoring services and programs to meet local needs.

Restructuring the Education and Training System

Shifting Resources From Pell Grants to Skill Grants

(\$ in billions)



* Amounts represent estimated costs for each program in 1996.

STUDENT FINANCIAL ASSISTANCE

Federal Pell grants

Budget Authority: The Administration's total budget request for Pell grants and Skill grants is \$8.121 billion. This amount includes \$4.480 billion for Pell grants in this account and \$3.641 for Skill grants requested in the Department of Labor's Training and Employment Services account. In addition to the \$4.480 billion requested for Pell grants in 1996, the Department will be able to use surplus budget authority carried forward from prior years to meet the projected cost of the restructured Pell grant program in 1996, which is \$4.852 billion. The amount proposed to be used in 1996 is \$372 million, most of which is surplus from the 1994-95 award year.

The comparable budget authority in 1996 for the restructured Pell grant program and for Skill grants to non-degree students eligible for the Pell grant program under current law, is \$6.609 billion, an increase of \$365 million over the actual appropriation for Pell grants in 1995.

Aid Available: Under the Administration's 1996 request, a total of \$8.470 billion in aid would be available under the Pell grant and Skill grant programs. This amount includes \$4.838 billion in Pell grants and \$3.632 in Skill grants. The aid available under the restructured Pell grant program in 1996 would represent a 16.6 percent increase over the estimated amount that will be received by Pell grant recipients in degree programs in 1995.

The comparable aid available in 1995 for the restructured Pell grant program and for Skill grants to non-degree students eligible for the Pell grant program under current law is \$6.961 billion, an increase of \$990 million over the projected aid available for the current Pell grant program in 1995.

Number of Recipients: Under the Administration's 1996 request, a total of 4.890 million recipients would receive assistance under the Pell grant and Skill grant programs. This amount includes 2.829 million Pell grant recipients and 2.061 million Skill grant recipients. The number of recipients in the restructured Pell grant program in 1996 would represent a 5.4 percent increase over the projected number of Pell grant recipients enrolled in degree programs in 1995.

The comparable level of recipients in 1996 in the restructured Pell grant program and those non-degree students eligible for the Pell grant program under current law who would receive Skill grants is estimated to be 4.071 million, an increase of 213 million over the projected number of recipients in the Pell grant program in 1995.

STUDENT FINANCIAL ASSISTANCE

Federal Pell grants

IMPACT DATA (\$ in 000s)

	1994	1995	1996
<u>Aid available to students</u>			
Pell grants	\$5,818,000	\$5,971,000	\$4,838,000
-degree programs	(4,044,000)	(4,150,000)	(4,838,000)
-non-degree programs	(1,774,000)	(1,821,000)	(- - -)
Skill grants (Labor Department)			2,123,000 ¹
<u>Recipients</u>			
Pell grants	3,819,000	3,858,000	2,829,000
-degree programs	(2,654,000)	(2,682,000)	(2,829,000)
-non-degree programs	1,165,000	1,176,000	- - -
Skill grants (Labor Department)			1,242,000 ¹
Maximum grant (whole \$)	\$2,300	\$2,340	\$2,620
Minimum grant (whole \$)	\$400	\$400	\$400
Average grant (whole \$)	\$1,523	\$1,548	\$1,710

¹ Includes only the projected aid available and number of recipients in the Skill grant program eligible for the Pell grant program under current law. These Skill grant recipients would be eligible for the same maximum award, and expected to receive the same average award as Pell grant recipients in 1996.

The tables and charts on the following pages provide estimates for Pell grant and Skill grant recipients in 1996. The estimates for Skill grants only include those recipients who would be eligible under the current Pell grant program. Comparable estimates are unavailable for Skill grant recipients who would be currently being served by the JTPA programs.

In award year 1996-97, as in the past few years, most Pell grant recipients are expected to have family incomes of less than \$15,000 and most of the funds will be awarded to students with family incomes of less than \$10,000.

STUDENT FINANCIAL ASSISTANCE

Federal Pell grants

**Estimated Distribution of Pell Grant and Skill Grant Recipients and
Aid Available by Dependency Status and Income for 1996-97**

Dependent Students

<u>Annual Adjusted Family Income</u>	<u>Recipient Population</u>	<u>% of Total</u>	<u>Aid Available</u>	<u>% of Total</u>	<u>Average Award</u>
<\$10,000	434,429	27.01%	\$882,444,240	33.56%	\$2,031
\$10,001-15,000	223,548	13.90%	\$435,171,517	16.55%	\$1,947
\$15,001-20,000	228,415	14.20%	\$413,868,623	15.74%	\$1,812
\$20,001-25,000	224,743	13.97%	\$358,709,480	13.64%	\$1,596
\$25,001-30,000	174,465	10.85%	\$229,390,840	8.72%	\$1,315
\$30,001-40,000	223,627	13.90%	\$232,172,056	8.83%	\$1,038
\$40,001-50,000	79,250	4.93%	\$63,672,170	2.42%	\$803
\$50,001-60,000	17,518	1.09%	\$12,083,151	0.46%	\$690
Over \$60,000	2,468	0.15%	\$1,679,921	0.06%	\$681
Total	1,608,462	100.00%	\$2,629,191,999	100.00%	\$1,635

Independent Students

<u>Annual Adjusted Family Income</u>	<u>Recipient Population</u>	<u>% of Total</u>	<u>Aid Available</u>	<u>% of Total</u>	<u>Average Award</u>
<\$10,000	1,549,909	62.95%	\$2,853,236,333	65.86%	\$1,841
\$10,001-15,000	285,679	11.60%	\$535,215,895	12.35%	\$1,873
\$15,001-20,000	213,826	8.68%	\$403,277,216	9.31%	\$1,886
\$20,001-25,000	166,848	6.78%	\$276,709,462	6.39%	\$1,658
\$25,001-30,000	112,826	4.58%	\$147,080,407	3.40%	\$1,304
\$30,001-40,000	109,987	4.47%	\$100,487,795	2.32%	\$914
\$40,001-50,000	20,555	0.83%	\$14,174,475	0.33%	\$690
\$50,001-60,000	2,357	0.10%	\$1,562,866	0.04%	\$663
Over \$60,000	330	0.01%	\$238,043	0.01%	\$721
Total	2,462,318	100.00%	\$4,331,982,492	100.00%	\$1,759

All Students

<u>Annual Adjusted Family Income</u>	<u>Recipient Population</u>	<u>% of Total</u>	<u>Aid Available</u>	<u>% of Total</u>	<u>Average Award</u>
<\$10,000	1,984,338	48.75%	\$3,735,680,573	53.66%	\$1,883
\$10,001-15,000	509,227	12.51%	\$970,387,412	13.94%	\$1,906
\$15,001-20,000	442,241	10.86%	\$817,145,839	11.74%	\$1,848
\$20,001-25,000	391,591	9.62%	\$635,418,942	9.13%	\$1,623
\$25,001-30,000	287,291	7.06%	\$376,471,247	5.41%	\$1,310
\$30,001-40,000	333,614	8.20%	\$332,659,851	4.78%	\$997
\$40,001-50,000	99,805	2.45%	\$77,846,645	1.12%	\$780
\$50,001-60,000	19,875	0.49%	\$13,646,017	0.20%	\$687
Over \$60,000	2,798	0.07%	\$1,917,964	0.03%	\$685
Total	4,070,780	100.00%	\$6,961,174,491	100.00%	\$1,710

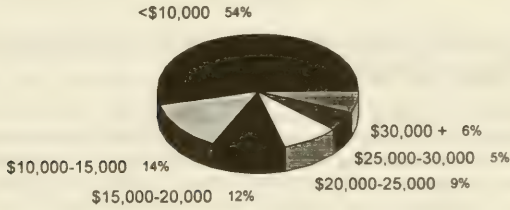
Note: Details may not add to totals due to rounding

STUDENT FINANCIAL ASSISTANCE

Federal Pell grants

Estimated Distribution of Pell and Skill Grants by Family Income

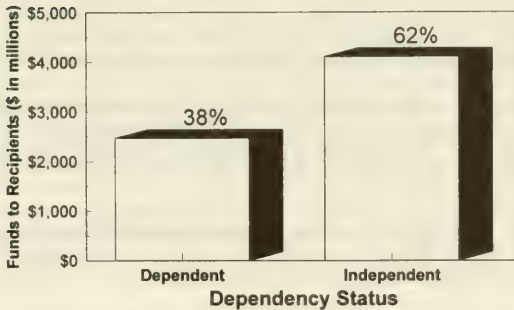
1996 Proposed Policy: Current Law* at \$2,620 Maximum Award



* Includes Skill grants for students in currently eligible non-degree programs

Estimated Distribution of Pell and Skill Grant Funds* by Dependency Status

Award Year 1996-97



* Includes Skill grants for students in currently eligible non-degree programs

STUDENT FINANCIAL ASSISTANCE

Federal supplemental educational opportunity grants

(Higher Education Act of 1965, Title IV, Part A, Subpart 3)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$583,407	\$583,407	0

PURPOSE AND METHOD OF OPERATION

The Federal Supplemental Educational Opportunity Grant (SEOG) program provides need-based grant aid to eligible undergraduate students to help reduce financial barriers to postsecondary education. Federal funding allocations for this purpose are awarded to qualifying postsecondary institutions under a statutory formula. Unlike the Pell grant program, the SEOG program is administered by institutional financial aid administrators who have substantial flexibility in determining student awards.

The SEOG program is a discretionary program; program funds are available for obligation from October 1 of the fiscal year of appropriation through September 30 of the subsequent fiscal year. Funds appropriated in fiscal year 1996 support awards in academic year 1996-97.

Institutional participation: Approximately 4,300 postsecondary institutions receive funds under the SEOG program. As mandated by statute, funds are distributed to institutions first on the basis of the institution's fiscal year 1985 SEOG program allocation, and then on the basis of the aggregate need of the eligible undergraduate students in attendance.

Institutional matching: Participating institutions are required by the statute to contribute 25 percent of the SEOG award amounts. In other words, the institution provides one dollar for every three Federal dollars. The institutional share can be met using the institution's own resources, State grants, and foundation or other charitable organization funds.

Student participation: Students qualify for grants of up to \$4,000 by demonstrating financial need under a statutory need analysis system. The institution must award grants first to those students with "exceptional need" (those with the lowest expected family contributions at the institution). The institution must give priority for SEOG awards to students who are also Pell grant recipients.

Also, if the total financial need of students who are independent or attend less-than-full-time exceeds 5 percent of the need of all students attending the institution, then at least 5 percent of the institution's allotment must be made available to such students.

STUDENT FINANCIAL ASSISTANCE

Federal supplemental educational opportunity grants

Institutional administrative provisions:

- o Transferability of Funds. An institution may transfer up to 25 percent of its allotment from Perkins Loans to SEOG or Work-Study (or both) and up to 25 percent of Work-Study to SEOG.
- o Administrative Costs. Under a statutory formula, an institution may use up to 5 percent of its program allotments during an award year to meet administrative costs associated with the SEOG, Work-Study, and Perkins Loan programs.
- o Reallocation of Funds. If funds become available because of under-utilization by institutions, excess funds are reallocated to other institutions in the same manner in which they were originally allocated. If an institution returns more than 10 percent of its allocation, that institution's allocation is reduced by that same amount the next year.

Funding levels for the past 5 fiscal years were as follows:

	(\$ in 000s)
1991	\$520,148
1992	577,000
1993	583,407
1994	583,407
1995	583,407

1996 BUDGET REQUEST

The Department requests \$583.4 million for the SEOG program, the same amount as the 1995 appropriation level. Continued funding at this level reflects the Administration's commitment to make postsecondary education affordable for American families.

The SEOG program is one of the three campus-based programs which provide institutions with flexibility in developing financial aid packages that best meet the needs of their students. The SEOG program, in conjunction with the Pell grant program and the other campus-based programs, reduces financial barriers to postsecondary education and lifelong learning for undergraduates. The SEOG program is an important source of funding for providing low-income students with access to 4-year institutions. Almost half of the students with family incomes under \$30,000 who attend private colleges and universities receive SEOG funding, in addition to almost one-fourth of these students at 4-year public institutions. The high percentage of low-income students receiving SEOG funds at private institutions indicates that this program makes an important contribution in providing low-income students with a choice among postsecondary institutions.

At the 1996 request level, the SEOG program would provide \$738 million in aid to 991 thousand students.

No change in policy or funding is proposed for this activity in 1996.

STUDENT FINANCIAL ASSISTANCE

Federal supplemental educational opportunity grants

IMPACT DATA (\$ in 000s)

	1994	1995	1996
Recipients	991,000	991,000	991,000
Aid available to students ¹	\$738,000	\$738,000	\$738,000
Average award ¹ (whole \$)	\$745	\$745	\$745

¹ Includes institutional matching funds.

STUDENT FINANCIAL ASSISTANCE

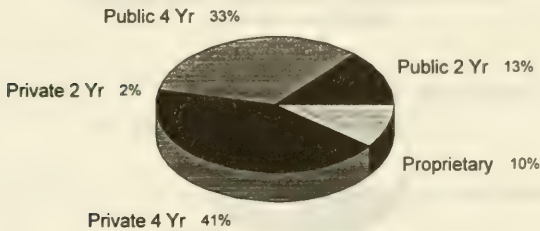
Federal supplemental educational opportunity grants

Distribution of Supplemental Educational Opportunity Grants ¹
by Type of Institution — 1992-93 (Fiscal Year 1992)

	Average Grant	Total Grants (\$ in 000s)	Percentage of Total	Recipients	Percentage of Total
<u>Public</u>					
Two-Year	\$403	\$87,205	13%	216,198	22%
Four-Year	<u>660</u>	<u>215,543</u>	<u>33</u>	<u>326,343</u>	<u>33</u>
Subtotal	558	302,748	46	542,541	55
<u>Private</u>					
Two-Year	620	13,130	2	21,171	2
Four-Year	<u>1,042</u>	<u>267,643</u>	<u>41</u>	<u>256,899</u>	<u>26</u>
Subtotal	1009	280,773	43	278,070	28
<u>Proprietary</u>	435	<u>67,795</u>	<u>10</u>	<u>155,774</u>	<u>15</u>
Total	667	651,316	100	976,385	100

¹ Includes institutional matching funds.

Note: Detail may not add to totals due to rounding.

Distribution of Supplemental Educational Opportunity Grants
by Type of Institution
1992-93 (Fiscal Year 1992)

STUDENT FINANCIAL ASSISTANCE

Federal supplemental educational opportunity grants

Distribution of Supplemental Educational Opportunity Grants ¹
by Family Income -- 1992-93 (Fiscal Year 1992)

	Total Grants (\$ in 000s)	Percentage of Total	Recipients	Percentage of Total
Dependent:				
\$0-\$5,999	\$40,568	6%	54,179	6%
\$6,000-\$11,999	55,965	9	71,954	7
\$12,000-\$17,999	63,865	10	76,674	8
\$18,000-\$23,999	62,929	10	73,096	7
\$24,000-\$29,999	50,668	8	58,256	6
\$30,000+	<u>86,842</u>	<u>13</u>	<u>98,536</u>	<u>10</u>
Subtotal	360,837	55	432,695	55
Independent ²	<u>290,478</u>	<u>45</u>	<u>543,690</u>	<u>56</u>
Total	651,316	100	976,344	100
Less-than-full-time ³	(51,834)	(8)	(148,591)	(45)

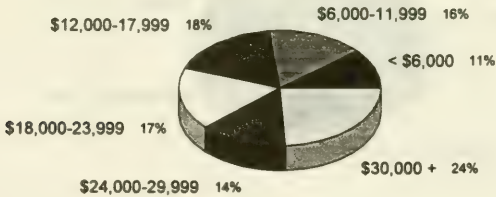
¹ Includes institutional matching funds.

² Specific income data are not available. Information from the 1990 National Postsecondary Student Aid Study indicate that 70 percent of independent students receiving SEOGs had annual incomes below \$12,000.

³ Included in total.

Note: Detail may not add to totals due to rounding.

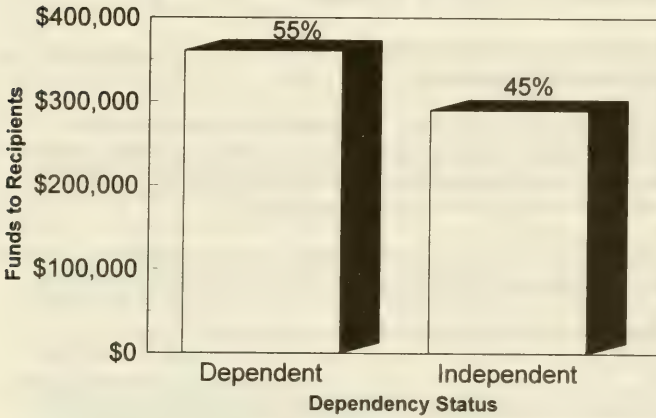
Distribution of Supplemental Educational Opportunity Grants
Funds to Dependent Students by Family Income
1992-93 (Fiscal Year 1992)



STUDENT FINANCIAL ASSISTANCE

Federal supplemental educational opportunity grants

**Distribution of Supplemental Educational Opportunity Grants
by Dependency Status**
1992-93 (Fiscal Year 1992)



STUDENT FINANCIAL ASSISTANCE

Federal work-study

(Higher Education Act of 1965, Title IV, Part C)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$616,508	\$616,508	0

PURPOSE AND METHOD OF OPERATION

The Federal Work-Study program assists needy undergraduate and graduate students in financing postsecondary education costs through part-time employment. Federal funds for this purpose are awarded to qualifying institutions that select needy students for employment. Students may be employed by the institution itself; by a Federal, State, or local public agency or private nonprofit organization; or by a private for-profit organization.

The Work-Study program is a discretionary program; program funds are available for obligation from October 1 of the fiscal year of appropriation through September 30 of the subsequent fiscal year. Funds appropriated in fiscal year 1996 support awards in academic year 1996-97.

Institutional participation: Approximately 3,700 institutions participate in the Work-Study program. By law, funds are distributed to institutions, first, in amounts equal to their 1985 allocations (which are ratably reduced if the amount of the appropriation is insufficient to meet 1985 allocation levels) and, then, on the basis of the aggregate need of eligible students in attendance at each institution. The Work-Study program is administered by institutional financial aid administrators who have substantial flexibility in determining student awards.

If an institution is a proprietary school employing its own students, this employment must be: (1) on campus, except that at least 5 percent of the total funds granted must be used to compensate students employed in community services; (2) related, to the maximum extent possible, to the student's educational objectives; and (3) related to providing student services. The employment tasks of Work-Study students, however, must not involve the solicitation of potential students to enroll in the school.

Institutional matching: The participating institution or other employer must contribute at least 25 percent of a student's part-time earnings (or 50 percent in the case of private for-profit employers).

Institutional administrative provisions: Institutions may use their allocations to support a variety of Work-Study activities, as described below:

- o Private Sector (excluding proprietary schools). An institution may use up to 25 percent of its Work-Study allocation to match earnings of students working for private for-profit organizations. These jobs must be academically relevant to the student. No Work-

STUDENT FINANCIAL ASSISTANCE

Federal work-study

Study funds may be used to pay any employee who would otherwise be employed by the private organization.

- o Job Location and Development. An institution may not use more than 10 percent or \$50,000 of its Work-Study allotment, whichever is less, for the administrative expenses associated with the establishment or expansion of a Job Location and Development (JLD) program, which locates and develops off-campus part-time jobs or community service jobs for currently enrolled students. The Federal share of the JLD program costs cannot exceed 80 percent.
- o Community service. The institution must use at least 5 percent of its Federal allotment for payments to students employed in community service activities. The eligible institution at its discretion may count any contribution made by the employer toward the non-Federal share of the compensation of the student.
- o Transferability of Funds. An institution may transfer up to 25 percent of its allotment from Perkins Loans to SEOG or Work-Study (or both) and up to 25 percent of Work-Study to SEOG. Also, up to 10 percent of an institution's Work-Study funds may, at the institution's discretion, remain available for the next fiscal year.
- o Administrative Costs. Under a statutory formula, an institution may use up to 5 percent of its program allotments during an award year to meet administrative costs associated with the SEOG, Work-Study, and Perkins Loan programs. An institution may use up to 10 percent of its administrative cost allowance to pay for expenses incurred for its program of community services.
- o Reallocation of Funds. If funds become available because of under-utilization by institutions, excess funds are reallocated only to other institutions which used at least 10 percent of their Work-Study allocation to compensate students employed in community service in the preceding fiscal year.
- o Work-Colleges. An institution which qualifies as a "work-college" may transfer its allocated FWS and Perkins loan funds to support its comprehensive work-learning programs. A "work-college" is defined as an institution which requires all resident students to participate in a work-learning program as an integral part of its educational program. Work-colleges must match federal allocations on a dollar-for-dollar basis.

Student participation: Students qualify for a Work-Study award by demonstrating financial need under the general statutory need analysis system for Title IV student aid programs. Hourly earnings must not be less than the Federal minimum wage.

Also, if the total financial need of students who are independent or attend less-than-full-time exceeds 5 percent of the need of all students attending the institution, then at least 5 percent of the institution's allocation of Federal funds must be made available to such students.

STUDENT FINANCIAL ASSISTANCE

Federal work-study

Funding levels for the past 5 fiscal years were as follows:

(\$ in 000s)

1991	\$594,681
1992	615,000
1993	616,508
1994	616,508
1995	616,508

1996 BUDGET REQUEST

The Department requests \$616.5 million for the Federal Work-Study program, the same amount as the 1995 appropriation level. Continued funding at this level reflects the Administration's commitment to make postsecondary education affordable for American families.

The Work-Study program is one of the three campus-based programs which provide institutions with flexibility in developing financial aid packages that best meet the needs of their students. The Work-Study program, in conjunction with the Pell grant program and the other campus-based programs, reduces financial barriers to postsecondary education and lifelong learning for undergraduates. Work-study is also an important source of financial assistance for graduate students. Studies have shown that Work-Study participation has a positive influence on student retention and degree completion.

At the 1996 request level, the Work-Study program would provide \$760 million in aid to 713 thousand students.

No change in policy or funding is proposed for this activity in 1996.

IMPACT DATA (\$ in 000s)

	1994	1995	1996
Recipients	713,000	713,000	713,000
Aid available to students ¹	\$760,000	\$760,000	\$760,000
Average award (whole \$)	\$1,065	\$1,065	\$1,065

¹ Includes employer matching funds of \$190,504 thousand in 1994, 1995 and 1996

STUDENT FINANCIAL ASSISTANCE

Federal work-study

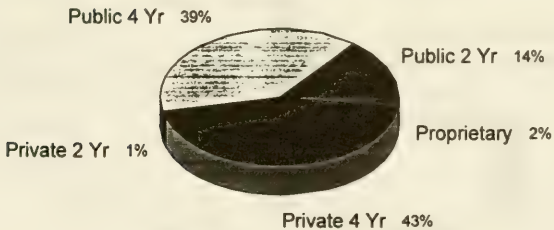
Distribution of Work-Study ¹
by Type of Institution -- 1992-1993 (Fiscal Year 1992)

	<u>Average Award</u>	<u>Total Aid (\$ in 000s)</u>	<u>Percentage of Total</u>	<u>Recipients</u>	<u>Percentage of Total</u>
<u>Public</u>					
Two-Year	\$1,050	\$112,079	14%	106,693	15%
Four-Year	<u>1,174</u>	<u>304,519</u>	<u>39</u>	<u>259,494</u>	<u>36</u>
Subtotal	1,138	416,598	53	366,187	51
<u>Private</u>					
Two-Year	884	11,257	1	12,733	2
Four-Year	<u>1,047</u>	<u>335,326</u>	<u>43</u>	<u>320,305</u>	<u>44</u>
Subtotal	1,041	346,583	44	333,038	46
<u>Proprietary</u>	<u>1,108</u>	<u>16,852</u>	<u>1</u>	<u>15,215</u>	<u>2</u>
Total	1,092	780,033	100	714,440	100

¹ Includes institutional matching funds.

Note: Detail may not add to totals due to rounding.

Distribution of Federal Work-Study Funds
by Type of Institution
1992-93 (Fiscal Year 1992)



STUDENT FINANCIAL ASSISTANCE

Federal work-study

Distribution of Work-Study ¹
by Family Income -- 1992-1993 (Fiscal Year 1992)

	Amount ¹ (\$ in 000s)	Percentage of Total	Recipients	Percentage of Total
Dependent				
Undergraduates:				
\$0-\$5,999	\$36,785	5%	39,907	6%
\$6,000-\$11,999	47,977	6	48,209	7
\$12,000-\$17,999	56,356	7	54,763	8
\$18,000-\$23,999	61,968	8	59,346	8
\$24,000-\$29,999	59,446	8	56,634	8
\$30,000+	<u>226,207</u>	<u>29</u>	<u>229,266</u>	<u>32</u>
Subtotal	488,739	63	185,901	68
Independent				
Undergraduates ²	212,739	27	185,901	26
Graduate	<u>78,555</u>	<u>10</u>	<u>40,414</u>	<u>6</u>
Total	780,033	100	714,440	100
Less-than-full-time ³	(56,888)	(7)	(49,636)	(7)

¹ Includes institutional matching funds

² Specific income data are not available. Information from the 1990 National Postsecondary Student Aid Study indicate that 72 percent of independent students receiving Work-Study had annual incomes below \$12,000.

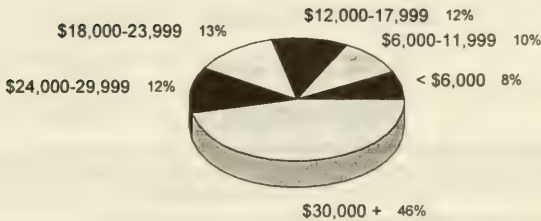
³ Included in total.

Note: Detail may not add to totals due to rounding

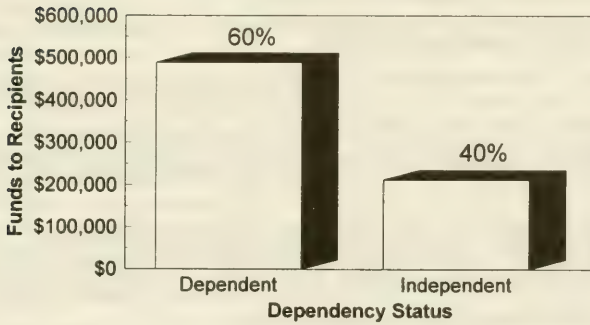
STUDENT FINANCIAL ASSISTANCE

Federal work-study

**Distribution of Federal Work-Study
Funds to Dependent Students by Family Income**
1992-93 (Fiscal Year 1992)



**Distribution of Federal Work-Study Funds
Undergraduates by Dependency Status**
1992-93 (Fiscal Year 1992)



STUDENT FINANCIAL ASSISTANCE

Federal Perkins loans: (a) Federal capital contributions (b) Loan cancellations
 (Higher Education Act, Title IV, Part E)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

	<u>1995</u>	<u>1995 Revised¹</u>	<u>1996</u>	<u>Change from 1995 Revised</u>
Federal Perkins loans:				
(a) Federal capital contributions	\$158,000	\$158,000	\$158,000	0
(b) Loan cancellations	<u>14,500</u>	<u>18,000</u>	<u>20,000</u>	<u>+\$2,000</u>
Total	172,500	176,000	178,000	+2,000

¹ Reflects a proposed language supplemental to correct a technical error in the 1995 appropriations act in which \$6,247,180,000 was earmarked for Pell grants instead of \$6,243,680,000 intended by Congress. An offsetting reduction has been made to Perkins loan cancellations, and will be restored following enactment.

PURPOSE AND METHOD OF OPERATION

The Federal Perkins loan program provides long-term, low-interest loans to financially needy students to help meet higher education costs. Loans are made from institutional revolving funds composed of: (1) newly appropriated Federal capital contributions (FCC); (2) an institutional matching contribution equaling at least one-third of the FCC; (3) school-level collections on prior year student loans; and (4) Federal payments for loan cancellations granted in exchange for specified types of teaching, or military or public service.

The Perkins loan program is a discretionary program (with the exception of reimbursed loan cancellations). Program funds are available for obligation from October 1 of the fiscal year of appropriation through September 30 of the subsequent fiscal year. Funds appropriated in fiscal year 1996 support awards in academic year 1996-97.

Institutional participation: Approximately 2,700 postsecondary institutions make loans under the Perkins loan program. As mandated by the statute, funds are distributed to institutions, first, on the basis of the institution's 1985 Perkins Loan allocation and, second, on the basis of the aggregate need of eligible students in attendance. The Perkins loan program is administered by institutional financial aid administrators who have substantial flexibility in determining student awards.

By law, any school with a Perkins loan cohort default rate of 15 percent or greater must establish a default reduction plan. A school does not qualify for new FCC if its cohort default rate exceeds 30 percent. A school's FCC allocation is reduced at cohort default rates between 20 percent and 30 percent. If a school's cohort default rate is less than 20 percent, it qualifies for the full allocation amount pursuant to the statutory formula.

STUDENT FINANCIAL ASSISTANCE

Federal Perkins loans: (a) Federal capital contributions (b) Loan cancellations

Schools are responsible for making loans, servicing, and collections; including the establishment of repayment schedules and borrower counseling. Most servicing and collection activities are performed by private contractors employed by the schools. For any year in which an institution makes loans from its Perkins loans revolving fund, it may draw from this fund an amount up to 5 percent of the amount of new loan awards for that year as reimbursement for the administrative costs of operating this and other campus-based Federal student aid programs.

Institutional matching: Institutions contribute one-third of the FCC amount.

Institutional administrative provisions:

- o Transferability of Funds. An institution may transfer up to 25 percent of its allotment from Perkins loans to SEOG or Work-Study (or both).
- o Administrative Costs. Under a statutory formula, an institution may use up to 5 percent of its program allotments during an award year to meet administrative costs associated with the SEOG, Work-Study, and Perkins loan programs.
- o Reallocation of Funds. If funds become available because of under-utilization by institutions, excess funds are reallocated to other institutions based on a statutory formula. If an institution returns more than 10 percent of its allocation, that institution's allocation is reduced by that same amount the next year.

Student participation: Students qualify for loans by demonstrating financial need under the statutory Title IV student aid need analysis system. Eligible borrowers are needy undergraduate, graduate, and professional students who are enrolled at an eligible postsecondary institution. However, a student already in default on a Perkins or Stafford loan, or who owes a refund on any other previously received Federal aid, may not borrow under the program.

The maximum annual amounts a student can borrow under the Perkins loan program are \$3,000 for undergraduates and \$5,000 for graduate and professional students. The aggregate borrowing limit for undergraduate study is \$15,000; the aggregate limit for the combination of undergraduate and graduate study is \$30,000.

Qualifying institutions may offer expanded loan limits: annual loan limits of \$4,000 for undergraduates and \$6,000 for graduate and professional students; \$40,000 for the combination of undergraduate and graduate study; \$20,000 for students who have completed 2 years of undergraduate education but have not received a bachelor's degree; and \$8,000 for all other students. Institutions may provide the expanded lending option if they have a cohort default rate below 7.5 percent for award year 1993-94 and have a cohort default rate which does not exceed 15 percent for award year 1994-95 and beyond. They must also provide an institutional matching contribution that equals the Federal capital contribution.

The borrower makes no principal repayments during in-school, grace, and deferment periods, and interest is neither paid nor accrued during these periods. During the repayment period (which normally may not exceed 10 years), interest is charged at a 5 percent annual rate.

STUDENT FINANCIAL ASSISTANCE

Federal Perkins loans: (a) Federal capital contributions (b) Loan cancellations

Also, if the total financial need of students who are independent or attend less-than-full-time exceeds 5 percent of the need of all students attending the institution, then at least 5 percent of the institution's allotment must be made available to such students.

Loan cancellations: In order to encourage student borrowers under this program to enter certain fields of public service, all or a portion of the repayment obligation on Perkins loans is canceled in exchange for specified periods of such service. Perkins loans can be canceled for the following types of service: (1) special education teachers or teachers of youth with disabilities; (2) teaching in schools with high concentrations of low-income students; (3) teachers in shortage areas; (4) working as a professional Head Start member; (5) participating in the Peace Corps or VISTA; (6) full-time employment as a law enforcement or corrections officer; (7) nurses and medical technicians; (8) family service agency employees serving "high-risk" children; or (9) military service in "areas of hostility."

In general, schools are reimbursed for 100 percent of the principal amount of the loan canceled; and the reimbursement must be reinvested in the school's revolving loan fund. These institutional reimbursements for loan cancellations are an entitlement.

Funding levels for the past 5 fiscal years were as follows:

	<u>Federal Capital Contributions</u> (\$ in 000s)	<u>Loan Cancellations</u> (\$ in 000s)
1991	\$156,142	0 ¹
1992	156,000	0 ¹
1993	165,780	\$14,880
1994	158,000	15,000
1995	158,000	18,000 ²

¹ During these years, loan cancellation appropriations were not necessary because unobligated balances were sufficient to cover loan cancellations.

² Reflects 1995 revised request.

1995 REVISED REQUEST

The Department is proposing a supplemental language change to correct a technical error in the 1995 appropriations language. The amount earmarked for Pell grants which appeared in the comparative statement of budget authority was "\$6,243,680,000", but an amount of "\$6,247,180,000" appeared in the appropriations language. This amendment would not change the account total, which is the same in both the appropriations language and the comparative statement, "\$7,702,970,000".

To compensate for this technical error, the Department has made an offsetting reduction of \$3.5 million to Perkins loan cancellations in 1995, which was not earmarked in the appropriations language, in order to reflect the actual appropriated amounts for Pell grants and

STUDENT FINANCIAL ASSISTANCE

Federal Perkins loans: (a) Federal capital contributions (b) Loan cancellations

the SFA account total. The amount for Perkins loan cancellations will be restored to \$18 million upon enactment of the supplemental language change.

1996 BUDGET REQUEST

The Department requests \$158 million for the Perkins loan program, the same amount as the 1995 appropriation level. Continued funding at this level reflects the Administration's commitment to make postsecondary education affordable for American families. The Department also requests \$20 million for loan cancellations, which represents an increase of \$2 million from the 1995 revised request. This increase in cancellation entitlements reflects projected increased use of the Perkins loans cancellations provisions due to broadened statutory cancellation policies in recent years.

The Perkins loan program is one of the three campus-based programs which provide institutions with flexibility in developing financial aid packages that best meet the needs of their students. Loans made under the Perkins loan program, in conjunction with the Pell grant program and the other campus-based programs, reduce financial barriers to postsecondary education and lifelong learning for undergraduates. The Perkins loan program is also an important source of funding for graduate students.

At the 1996 request level, the Perkins loan program would provide \$1.026 billion in aid to 764 thousand students.

No change in policy or funding is proposed for Federal capital contributions in 1996.

IMPACT DATA (\$ in 000s)

	1994	1995	1996
Number of Borrowers	724,000	744,000	764,000
Loan Volume ¹	\$930,000	\$972,000	\$1,026,000
Average Loan (whole \$)	\$1,342	\$1,342	\$1,342

¹ Shows total capital generated by Perkins loan program from institutional revolving funds, composed of: payments from loans in repayment status; institutional matching funds (matching is required for new Federal capital contributions only); and Federal loan cancellation payments.

STUDENT FINANCIAL ASSISTANCE

Federal Perkins loans: (a) Federal capital contributions (b) Loan cancellations

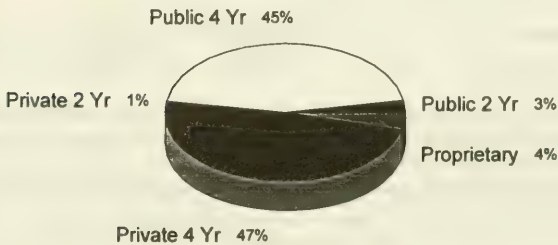
Distribution of Perkins Loans¹
by Type of Institution -- 1992-93 (Fiscal Year 1992)

	<u>Average Loan</u>	<u>Loan Volume (\$ in 000s)</u>	<u>Percentage of Total</u>	<u>Recipients</u>	<u>Percentage of Total</u>
<u>Public</u>					
Two Year	\$1,043	\$24,964	3%	23,935	4%
Four Year	<u>1,279</u>	<u>394,997</u>	<u>44</u>	<u>308,730</u>	<u>46</u>
Subtotal	1,262	419,961	47	332,665	50
<u>Private</u>					
Two Year	1,164	9,501	1	8,160	1
Four Year	<u>1,441</u>	<u>419,230</u>	<u>47</u>	<u>290,815</u>	<u>43</u>
Subtotal	1,434	428,731	48	298,975	45
<u>Proprietary</u>	863	<u>37,131</u>	<u>4</u>	<u>42,989</u>	<u>6</u>
Total	1,333	891,681	100	668,771	100

¹ Includes institutional matching funds and repayment by former borrowers to the school's loan fund.

Note: Detail may not add to totals due to rounding.

Distribution of Perkins Loan Funds
by Type of Institution
 1992-93 (Fiscal Year 1992)



STUDENT FINANCIAL ASSISTANCE

Federal Perkins loans: (a) Federal capital contributions (b) Loan cancellations

Distribution of Perkins Loans ¹
by Income -- 1992-93 (Fiscal Year 1992)

	<u>Recipients</u>	<u>Percent of Total</u>	<u>Total Loans (\$ in 000s)</u>	<u>Percent of Total</u>
Dependent				
Undergraduates:				
0 - \$5,999	21,015	3%	\$26,234	3%
\$6,000 - \$11,999	29,374	4	36,473	4
\$12,000 - \$17,999	39,722	6	49,887	6
\$18,000 - \$23,999	49,261	7	62,120	7
\$24,000 - \$29,999	49,814	7	62,942	7
\$30,000 +	<u>195,196</u>	<u>29</u>	<u>242,211</u>	<u>27</u>
Subtotal	384,382	57	479,769	53
Independent ²	196,788	29	234,511	26
Graduate	<u>87,601</u>	<u>13</u>	<u>177,401</u>	<u>20</u>
Total	668,771	100	891,681	100
Less-than-full-time ³	(47,632)	(7)	(53,981)	(6)

¹ Includes institutional matching funds and repayment by former borrowers to the school's loan fund.² Specific income data are not available. Information from the 1990 National Postsecondary Student Aid Study indicate that 65 percent of independent students receiving Perkins loans had annual incomes below \$12,000.³ Included in total

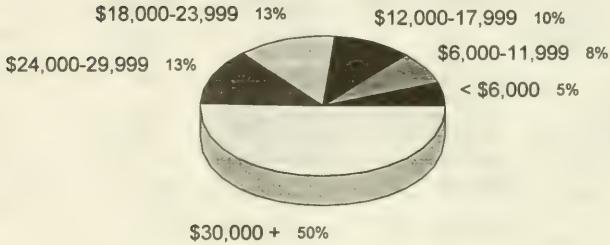
Note: Detail may not add to totals due to rounding.

STUDENT FINANCIAL ASSISTANCE

Federal Perkins loans: (a) Federal capital contributions (b) Loan cancellations

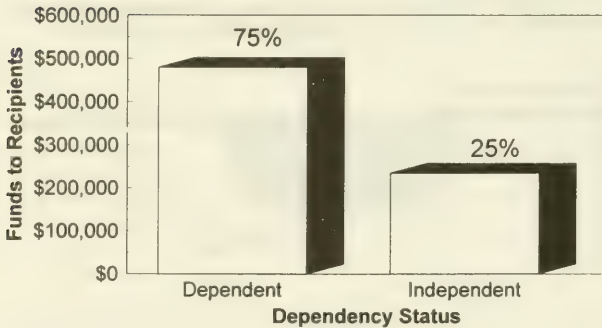
Distribution of Perkins Loan Funds to Dependent Students by Family Income

1992-93 (Fiscal Year 1992)



Distribution of Perkins Loan Funds Undergraduates by Dependency Status

1992-93 (Fiscal Year 1992)



STUDENT FINANCIAL ASSISTANCE

State student incentive grants

(Higher Education Act, Title IV, Part A, Subpart 4)

1996 Authorization (\$ in 000s) : Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$63,375	\$31,375	-\$32,000

PURPOSE AND METHOD OF OPERATION

The State Student Incentive Grant (SSIG) program provides grants to States to assist them in providing need-based grant and work-study assistance to eligible postsecondary students. Federally supported grants and job earnings are limited to \$5,000 per academic year for full-time students.

The SSIG program is a discretionary program; program funds are available for obligation from October 1 of the fiscal year of appropriation through September 30 of the subsequent fiscal year. Funds appropriated in fiscal year 1996 support awards in academic year 1996-97.

State participation: By law, each State's allotment is based on its relative share of the total national population of "students eligible to participate in the SSIG program," except that no State is to receive less than it received in 1979 (when the appropriation was \$76.75 million). If SSIG appropriations are below this level, each State is allotted an amount proportional to the amount of funds it received in 1979. If a State does not use all of its allotment, the excess funds are distributed to other States in the same proportion as the original distribution. "Eligible students" are defined for the purposes of the State allocation formula as those who attend institutions eligible to participate in a State's program. If a State's allocation is based in part on the financial need demonstrated by students who are independent students or attending the institution less than full time, a "reasonable proportion" of the State's allocation must be made available to such students.

States must, at a minimum, match SSIG grants dollar-for-dollar with State funds provided through direct State appropriations for this purpose. They must administer the program under a single State agency agreement and meet maintenance-of-effort criteria. States may use up to 20 percent of their SSIG allotment in support of campus-based work-learning jobs that provide community services.

Institutional participation: All public or private nonprofit institutions of higher education in a State are eligible to participate in the SSIG program unless specifically excluded by the State's constitution or by a State law enacted before October 1, 1978.

Student participation: Students must demonstrate need under a need analysis system established by the State and approved by the Secretary in order to qualify for an SSIG grant or work-learning job. States have broad discretion in establishing other student eligibility requirements. All States make awards to full-time students, and 23 States make awards to

STUDENT FINANCIAL ASSISTANCE

State student incentive grants

part-time students as well. Twenty-one States serve graduate as well as undergraduate students.

Funding levels for the past 5 fiscal years were as follows:

	(\$ in 000s)
1991	\$63,530
1992	72,000
1993	72,429
1994	72,429
1995	63,375

1996 BUDGET REQUEST

The Department proposes a two-year phase-out of the State Student Incentive Grant (SSIG) program beginning in 1996. This proposal is in accordance with the recommendation made in the Administration's National Performance Review (NPR) Report calling for the elimination of this program. The two-year phase-out proposed for these programs is requested in order to give States some lead time to plan for elimination of this funding. Some States, for example, use multi-year budgeting for their State grant programs, while others have legislative calendars that would not allow adequate time after the completion of the Federal appropriations process for States to consider funding alternatives. The Department proposes to phase-out the SSIG program by funding at half of the 1995 levels in 1996, and completely eliminating funding for the program in 1997.

The Vice-President's National Performance Review (NPR) concluded that the SSIG program has achieved its purpose of providing incentive grants to States. Prior to the program's inception, 28 States funded and operated need-based grant programs. Today, all 50 States and the District of Columbia have need-based State grant programs. Not only have the number of States funding need-based grant programs increased, but the level of commitment that individual States have made to these grant programs has increased enormously. In 1994, 46 States overmatched their Federal SSIG allotments, 42 States awarded need-based aid in addition to SSIG, and 33 States awarded non-need based aid in addition to SSIG. In total, Federal SSIG funding will account for only 2.5 percent of the total grant aid awarded by States in 1994.

STUDENT FINANCIAL ASSISTANCE

State student incentive grants

IMPACT DATA (\$ in 000s)

	1994	1995	1996
Aid available to students ¹	\$144,858	\$126,750	\$63,750
Recipients ¹	241,430	211,250	104,503
Average award ¹ (whole \$)	\$600	\$600	\$600
Maximum award ¹ (whole \$)	\$5,000	\$5,000	\$5,000

¹ Reflects the program's statutory dollar-for-dollar State matching requirement. Discretionary State contributions above the required match, which are not reflected, significantly increase the number of grant recipients, the amount of available aid, and the average award. The maximum award is comprised of a \$2,500 maximum Federal contribution and \$2,500 State matching contribution.

STUDENT FINANCIAL ASSISTANCE

State postsecondary review program

(Higher Education Act, Title IV, Part H, Subpart 1)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$20,000	\$25,000	+\$5,000

PURPOSE AND METHOD OF OPERATION

The State Postsecondary Review program (SPRE) is designed to ensure the quality and administrative and financial integrity of postsecondary programs, as well as to protect the Federal student aid investment and the interests of student consumers. This program is based on the premise that States and the Federal Government must share the responsibility for public oversight of institutions participating in Federal student aid programs. This program strengthens the quality of State-level review of institutions of higher education (IHEs) by authorizing the Secretary to enter into an agreement with each State that requires the State to establish a single "State review entity" to conduct or coordinate reviews of IHEs identified by the Secretary as meeting certain statutory criteria.

Initial Review Criteria: The Department reviews all IHEs and reports to the States any institution that meets one or more of the criteria that trigger a review by the State. The list of eleven criteria includes: an institution's loan default rate, its student aid program compliance record in the past five years, its financial strength, its degree of reliance on and length of participation in Federal student aid programs, and any pattern of student complaints.

State Review Standards: An institution that meets one or more of the statutory criteria may be reviewed by the State for compliance with published State standards. These standards must be consistent with the constitution and laws of the State and developed in consultation with the institutions in the State. They are subject to approval by the Secretary. Standards must be developed in fifteen areas which include: the institution's enrollment and consumer information practices, the availability of information about the potential employment outcomes, financial and administrative capacity, rates of program completion and graduation, the adequacy of student complaint procedures, and proof of fair and equitable refund policies.

If a State finds that an IHE does not meet one or more of the standards, the State must notify the Secretary of its findings and the actions that the State is taking, or has taken, in response to these findings. An institution found ineligible for participation in HEA programs by the State review entity will be terminated from program participation.

A State that chooses not to participate in this program will be ineligible to receive funds under the State Student Incentive Grants (SSIG) program, or the National Early Intervention grant and Partnership program. In addition, existing institutions in nonparticipating States will receive only provisional certification, no new schools or schools changing ownership within the State will be

STUDENT FINANCIAL ASSISTANCE

State postsecondary review program

determined eligible for HEA programs, and the Secretary may make alternative arrangements for reviewing institutions in that State.

Appropriations for the SPRE program are discretionary. The maximum amount of Federal funds that each participating State receive is based on both the number of postsecondary institutions, and the amount of Title IV student aid funds received by students enrolled in those postsecondary institutions in the State. Reimbursement is provided only for necessary activities that supplement, but do not supplant, existing licensing or review functions conducted by the State. States are not required to participate in the program if there is no Federal appropriation.

1996 BUDGET REQUEST

The Department requests \$25 million, an increase of \$5 million over the 1995 appropriation, to continue and expand the State Postsecondary Review program in 1996. This request would cover the costs of reimbursing the States for performing activities that supplement existing licensing review functions conducted by the States. Federal funds for these State approval functions provide an important incentive for States to expand their activities for ensuring educational quality and the integrity of Higher Education Act programs.

Increased awards to States would strengthen their ability to oversee postsecondary institutions, thereby protecting student consumers and improving the cost-effectiveness of taxpayers' substantial investment in student aid. Further, the State Postsecondary Review program supports the Department's goal of improving institutional accountability through a strengthened Federal and State oversight partnership.

In FY 1996, the number of reviews performed is expected to increase dramatically as all States begin conducting reviews. Much progress has already been made in laying the groundwork required for these reviews to take place. All States have signed agreements with the Secretary designating a review entity and the Secretary has approved the review standards for three States. Currently under review are standards submitted by 14 other States.

The SPRE program forms one leg of the gatekeeping "triad", along with the accreditation and eligibility processes. Under new standards authorized in the Higher Education Amendments of 1992, the Secretary is evaluating all accrediting agencies to determine if they remain eligible for recognition. In the past year, recognition has been denied to eight accrediting agencies. Within the next several years, the higher education community and the administration intend to strengthen further the institutional eligibility and accreditation processes.

In FY 1996, the SPRE program would play an important role in the implementation of the proposed GI Bill for America's Workers. This initiative would create new "Skill grants" for unemployed and low-income workers, do away with the current fragmented and duplicative Federal approach to training and offer "One-Stop Career Centers" to provide counseling and information services. Under the proposal, States would be given greater flexibility to design training-related services and the SPRE program would help States ensure the quality of those services. The SPRE program would form an essential part of a broader integrated State-based approach to postsecondary education and training.

STUDENT FINANCIAL ASSISTANCE

State postsecondary review program

Because Skill grants would be administered by the Secretary of Labor, the Departments of Education and Labor would share responsibility for setting policies and managing the system of State training oversight, including the SPRE program. SPRE funds would continue to flow through the Department of Education to the States for the cost of State institutional reviews.

IMPACT DATA

	1994	1995	1996
No. State participants	57 ¹	57 ¹	57 ¹
No. institutions expected to be reviewed	0 ²	300	900

¹ Includes all 50 states, the District of Columbia, Puerto Rico, American Samoa, Guam, the Virgin Islands, Palau, and the Northern Marianas.

² Funds provided in FY 1994 supported State planning and development activities rather than reviews.

STUDENT FINANCIAL ASSISTANCE

State Student Incentive Grants

State or Outlying Area	1994 Approx. for 1995	1995 Estimate for 1996	1996 Request for 1997
Alabama	\$1,077,362	\$942,416	\$466,562
Alaska	115,017	100,610	49,809
Arizona	1,220,800	1,078,251	533,810
Arkansas	458,094	400,715	198,382
California	11,124,348	9,730,954	4,817,507
Colorado	988,696	864,856	428,165
Connecticut	942,891	824,788	408,328
Delaware	193,167	168,971	83,653
Florida	2,266,091	1,982,249	981,353
Georgia	1,257,359	1,099,867	544,512
Hawaii	297,513	260,248	128,841
Idaho	242,467	212,096	105,003
Illinois	3,913,403	3,423,224	1,694,737
Indiana	1,447,984	1,266,615	627,063
Iowa	778,438	680,934	337,110
Kansas	802,315	701,820	347,450
Kentucky	884,294	773,531	382,952
Louisiana	1,030,907	901,780	446,444
Maine	259,515	227,009	112,385
Maryland	1,320,583	1,155,172	571,891
Massachusetts	2,328,053	2,036,450	1,008,186
Michigan	2,992,842	2,617,970	1,296,079
Minnesota	1,400,224	1,224,837	606,381
Mississippi	612,866	536,101	265,408
Missouri	1,430,918	1,251,686	619,673
Montana	199,612	174,610	86,444
Nebraska	519,116	454,093	224,808
Nevada	197,484	172,748	85,523
New Hampshire	252,395	220,781	109,302
New Jersey	1,898,902	1,661,053	822,338
New Mexico	367,554	321,515	159,173
New York	6,120,179	5,353,588	2,650,403
North Carolina	1,572,397	1,375,444	680,942
North Dakota	193,965	169,669	83,998
Ohio	2,870,588	2,511,029	1,243,136
Oklahoma	975,001	852,876	422,234
Oregon	930,037	813,564	402,762
Pennsylvania	3,182,050	2,783,478	1,378,018
Rhode Island	382,109	334,247	165,476
South Carolina	783,282	685,171	339,208
South Dakota	205,532	179,788	89,008
Tennessee	1,172,374	1,025,527	507,708
Texas	3,949,589	3,454,878	1,710,408
Utah	537,945	470,564	232,962
Vermont	181,847	159,069	78,751
Virginia	1,542,074	1,348,920	667,810
Washington	1,642,876	1,437,096	711,464
West Virginia	525,858	459,991	227,728
Wisconsin	1,509,995	1,320,859	653,918
Wyoming	112,500	106,232	52,592
District of Columbia	527,386	461,327	228,390
Puerto Rico	647,271	566,196	280,307
American Samoa ¹	0	4,524	2,239
Northern Marianas	885	774	383
Guam	22,949	20,074	9,938
Virgin Islands	13,126	11,482	5,684
Palau	804	703	261
Undistributed ¹	5,171	0	0
TOTAL	72,429,000	63,375,000	31,375,000

¹ An amount of \$5,171 was originally allotted in 1994 to American Samoa which was unable to meet the program requirements. This amount has been carried into 1995 for obligation in that year.

STUDENT FINANCIAL ASSISTANCE

State Postsecondary Review Program

State or Outlying Area	1994 Approx. for 1995	1995 Estimate for 1996	1996 Request for 1997
Alabama	\$302,163	\$284,423	\$357,093
Alaska	75,000	75,000	75,000
Arizona	350,999	330,368	414,865
Arkansas	219,629	206,775	259,456
California	1,928,458	1,814,436	2,280,985
Colorado	345,885	325,556	408,815
Connecticut	258,125	242,992	304,996
Delaware	75,000	75,000	75,000
Florida	795,989	749,012	941,284
Georgia	459,690	432,623	543,445
Hawaii	75,000	75,000	75,000
Idaho	84,951	80,070	100,132
Illinois	907,209	853,648	1,072,857
Indiana	460,275	433,174	544,138
Iowa	349,204	328,678	412,741
Kansas	262,103	246,735	309,702
Kentucky	398,111	374,690	470,598
Louisiana	467,806	440,259	553,046
Maine	114,859	108,207	135,513
Maryland	280,804	264,328	331,824
Massachusetts	634,830	597,395	750,635
Michigan	650,992	612,600	769,754
Minnesota	447,459	421,117	528,976
Mississippi	221,470	208,507	261,633
Missouri	581,798	547,503	687,898
Montana	97,789	92,148	115,320
Nebraska	176,432	166,135	208,354
Nevada	75,000	75,000	79,607
New Hampshire	106,433	100,280	125,545
New Jersey	413,184	388,871	488,429
New Mexico	130,175	122,617	153,632
New York	1,717,290	1,615,770	2,031,176
North Carolina	417,563	392,991	493,610
North Dakota	99,609	93,860	117,473
Ohio	948,865	892,838	1,122,135
Oklahoma	348,831	328,328	412,301
Oregon	271,795	255,852	321,167
Pennsylvania	1,303,380	1,226,365	1,541,523
Rhode Island	109,027	102,721	128,614
South Carolina	239,603	225,567	283,085
South Dakota	101,349	95,497	119,531
Tennessee	440,961	415,004	521,290
Texas	1,150,482	1,082,519	1,360,647
Utah	163,877	154,323	193,501
Vermont	91,615	86,340	108,016
Virginia	458,852	431,835	542,454
Washington	331,636	312,151	391,959
West Virginia	191,268	180,093	225,904
Wisconsin	373,132	351,190	441,048
Wyoming	75,000	75,000	75,000
District of Columbia	128,174	120,735	151,265
Puerto Rico	390,868	367,876	462,029
American Samoa	30,000	30,000	30,000
Northern Marianas	30,000	30,000	30,000
Guam	30,000	30,000	30,000
Virgin Islands	30,000	30,000	30,000
Palau	30,000	0	0
TOTAL	21,250,000	20,000,000	25,000,000

Department of Education

STUDENT LOANS OVERVIEW

Fiscal Year 1996 Budget Request

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STUDENT LOANS OVERVIEW

Summary of Program Costs
(\$ in 000s)

	1995	1996	Change
Program Costs			
<u>Federal Family Education Loans (FFEL):</u>			
New Loan Subsidies	\$3,773,733	\$1,620,489	-\$2,153,244
Federal Administration	62,191	30,066	-32,125
Total FFEL Program ¹	3,835,924	1,650,555	-2,185,369
 <u>Direct Loans:</u>			
New Loan Subsidies	793,219	1,498,510	+705,291
Direct Loan Administration and FFEL Transition ²	345,000	550,000	+205,000
Total Direct Loans ³	1,138,219	2,048,510	+910,291
 TOTAL PROGRAM COSTS	4,974,143	3,699,065	-1,275,078
 <u>FFEL Liquidating⁴</u>	1,344,545	595,248	-749,297
 TOTAL LOAN COSTS	6,318,688	4,294,313	-2,024,375

Note: All costs reflect projected budget authority.

¹ FFEL program costs decrease in FY 1996 due to reduced FFEL loan volume as Direct Loans replace FFEL

² Direct Loan Administration and FFEL Transition costs include loan servicing, collection, and other administrative costs for both direct lending and the phase-out of the FFEL program.

³ The Direct Loan program costs increase in FY 1996 primarily due to increased loan volume under an accelerated phase-in.

⁴ The Liquidating account does not reflect transfer of \$0.5 million in FY 1995 from the Department of Defense pursuant to P.L. 102-27, the Dire Emergency Supplemental Appropriations Act of 1991. The Liquidating account, which reflects only loans made prior to FY 1992, decreases in cost in FY 1996 primarily due to continued declining default and in-school interest costs from these older loans.

STUDENT LOANS OVERVIEW

The following overview contains descriptions of the new William D. Ford Direct Loan program and the Federal Family Education Loan program. Federal Perkins Loans are also available to postsecondary students; a description of this campus-based revolving fund program is included in the Student Financial Assistance account.

FEDERAL FAMILY EDUCATION LOAN (FFEL) PROGRAM

Since 1965, the Federal Family Education Loan program--known prior to 1992 as the Guaranteed Student Loan program--has played a major role in helping to provide access to and choice in postsecondary education. Since its inception in 1965 under the Higher Education Act (HEA), the FFEL program has provided over \$175 billion in loans to postsecondary students and their parents. Through this program, the Government helps over 5 million students and their parents finance attendance at approximately 7,300 participating universities, colleges, and vocational schools, by supporting the availability of loans from participating banks and other eligible lenders. The FFEL program provides Federal reinsurance of loans against borrower default, as well as interest subsidies and other support. Loans are made by some 7,500 lenders (although about 69 percent of the loan dollars are attributed to 100 lenders) and are insured through 42 State and private guaranty agencies, which serve as insurance intermediaries. This complexity, which adds costs and increases the likelihood of program abuses, is a primary motivation behind the transition from FFEL to a new Direct Loan program as mandated by the Student Loan Reform Act (SLRA) of 1993.

WILLIAM D. FORD DIRECT LOAN (DIRECT LOAN) PROGRAM

The Direct Loan program, which was created by SLRA as part of the Omnibus Budget Reconciliation Act of 1993, is a new streamlined lending system that simplifies the processes of obtaining and repaying loans for student and parent borrowers, provides borrowers with greater repayment flexibility, and reduces taxpayer costs. Under this new program, loan capital is provided directly by the Federal Government to postsecondary institutions to originate loans rather than through reinsurance and subsidization of private lenders. Alternative originators under contract with the Department are available for institutions that are unwilling or are determined by the Secretary to lack the capacity to serve as originators.

Under Direct Loans, schools do not have the burden of dealing with multiple lenders and multiple guaranty agencies. At the same time, they gain better control over the loan disbursement process, allowing improved service to students and greater accountability for Federal loan resources. Financial aid offices, which are at the pivotal point in the aid delivery system, will no longer need to print, collect, and mail loan applications to a variety of lending institutions and will not have to deal with multiple guarantors and servicers for updating student data records. With electronic funds transfer to schools, Direct Loan borrowers will be able to obtain their loans quicker and with fewer questions about the status of their "loan check" as is often the case in FFEL.

The Direct Loan program began making loans at 104 schools on July 1, 1994. As year two of the program is implemented beginning July 1, 1995 (for academic year 1995-1996), Direct Loans will account for 40 percent of all new loan volume (not including consolidation loans). Approximately 1,495 schools representing a cross-section of postsecondary institutions have been selected to participate in this second year of the program.

STUDENT LOANS OVERVIEW

1996 BUDGET PROPOSALAccelerated Phase-in of Direct Loans.

Under the Department's proposed policy, Direct Loans will fully replace the FFEL program for all new loans in the 1997-1998 academic year. As part of the wind-down of the FFEL program, the Department also proposes that guaranty agencies return at least \$1.1 billion, which they no longer need, from their cash reserves to the Federal Government over FYs 1996-2000. This expedited phase-in plan would build on the Department's highly successful Direct Loan implementation activities to enable all student and parent borrowers to take advantage of Direct Loans' simplicity and flexibility without unnecessary delay. **In addition, the proposal would more quickly eliminate the inefficiencies and excess costs inherent in the FFEL delivery system, resulting in additional outlay savings of over \$5.2 billion compared to the current phase-in path during the FY 1996-FY 2000 period. Taken together, this accelerated phase-in and the reforms mandated by the SLRA will save over \$12 billion in Federal outlays by the year 2000.**

Under the President's proposal for an accelerated phase-in, Direct Loans would account for 80 percent of all new loan volume in academic year 1996-1997 and 100 percent in 1997-1998. Legislation is being submitted to carry out this policy.

Under the SLRA, Direct Loans will account for at least 50 percent of overall new loan volume for academic years 1996-1997 and 1997-1998 and at least 60 percent for 1998-1999. Even under the current statute, the Department will have unlimited authority as of academic year 1996-1997 to expand institutional participation in Direct Loans as warranted by demand.

The following charts show projected loan volumes by academic year for the FFEL and Direct Loan programs under both phase-in schedules. **Figure 1** shows the current statutory phase-in of Direct Loans as designated by the SLRA. **Figure 2** shows the effect of accelerating the phase-in of Direct Loans to 80 percent in academic year 1996-1997 and to 100 percent in 1997-1998 according to the Department's proposed policy.

STUDENT LOANS OVERVIEW

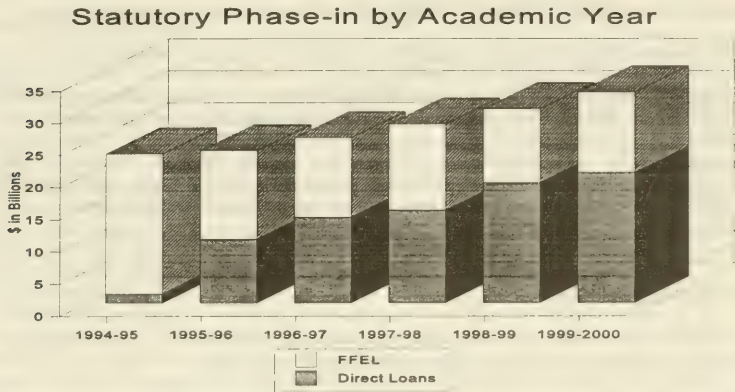


Figure 1

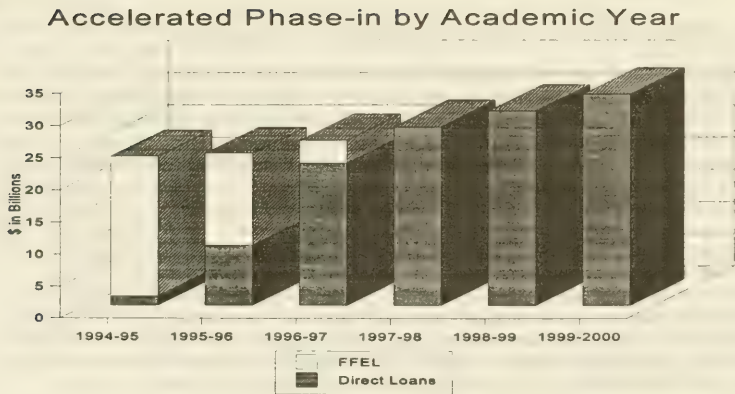


Figure 2

STUDENT LOANS OVERVIEW

DIRECT LOAN BENEFITS TO BORROWERS

The new Direct Loan program offers the following major benefits to borrowers and schools:

- Borrowers complete only one application form for Federal student aid programs.
- Regardless of how many loans are taken out, borrowers send Direct Loan repayments to one servicer throughout the life of the loans--reducing confusion and opportunity for error.
- Borrowers choose from a variety of repayment options, including graduated, extended, and income-contingent repayment plans--which helps reduce the risk of default and affords borrowers more flexibility in considering career options and managing their financial responsibilities.

DIRECT LOAN BENEFITS TO SCHOOLS

- Schools disburse loan proceeds quicker and more efficiently with no need to delay loan disbursements to obtain lender and guaranty agency approvals.
- Schools are able to reduce processing time under a streamlined system and eliminate loan checks to students--thereby significantly reducing student lines in the financial aid offices and increasing customer service.
- Schools are able to make necessary loan adjustments quicker due to greater control of funds.
- Schools that originate loans receive a Federal subsidy of \$10 per borrower for academic year 1995-1996.

DIRECT LOAN BENEFITS TO THE GOVERNMENT

Reduced costs. The Department estimates that the accelerated replacement of the FFEL program with Direct Loans including the return of guaranty agency reserves, plus a gradual implementation of Direct Loan consolidations from FFEL will save over \$5.2 billion in outlays through fiscal year 2000 as compared to the current statutory phase-in path. Overall, the Direct Loan program will save over \$12 billion during those years over what would have been spent under the pre-SLRA FFEL program. Savings attributed to Direct Loans result primarily from the elimination of Federal subsidy payments to lenders and guaranty agencies.

Improved accountability. By eliminating the numerous intermediaries between students and the Department, the Direct Loan program substantially reduces program complexity and thus, potential for error and abuse. During the first two years of the program, the Department and participating institutions interact with only one centralized loan servicing agency. Although the Department will increase the number of servicers as the program expands, the number of administrative participants involved will always be dramatically fewer than those in the FFEL program, and the Department will be better able to oversee program activities. (Even if

STUDENT LOANS OVERVIEW

servicing activities are eventually split among several contractors, each institution and each borrower will only deal with one servicer.)

TRANSITION PROVISIONS

Loans access. The Department will work with FFEL lenders and guaranty agencies to ensure the availability of FFEL program loans for students whose schools are not yet participating in the Direct Loan program. The Department is authorized to take several actions, if necessary, to ensure loan access. These actions include advancing funds to a guaranty agency to ensure that it will make last-resort loans, paying a guaranty agency to provide lender referral services in geographic regions in which loans are not available to all students, and requiring the Student Loan Marketing Association (SLMA), commonly known as Sallie Mae, to make last-resort loans.

Guaranty agency operations. As part of the overall phase-out of the FFEL program, the Department is developing a plan for the wind-down of guaranty agency activities and the efficient management of guaranty agency portfolios. In the context of this plan, the Department will monitor guaranty agencies closely and, if necessary, will utilize its statutory authority to assume agency responsibilities regarding outstanding loans. The SLRA eliminated mandatory administrative cost allowances (ACA) --computed within the FFEL subsidy--for guaranty agencies. In order to ensure an orderly transition, however, the Department paid guaranty agencies an administrative expense allowance in 1994 and 1995--from Direct Loan Administration and FFEL Transition funds--equal to one percent of the agency's new guarantee volume (the same basis as previous ACA payments). The continuation of these payments, and the method by which they are calculated, is subject to annual review by the Secretary.

SLRA FFEL cost savers. The SLRA introduced several new fees for lenders and secondary holders of FFEL program loans. In FY 1994, a newly required Sallie Mae offset fee accounted for \$11.2 million in offsetting collections and a new Consolidated Loan Holder Rebate fee provided \$7.9 million. In order to encourage improved monitoring and licensing of postsecondary institutions by States, the SLRA mandated that States share a portion of the default costs by paying the Federal Government a fee based on schools within the State with cohort default rates over 20 percent. Due to a number of regulatory concerns from the States regarding implementation, particularly related to closed schools, these State default fees were waived in FY 1995 but are included in the estimates for FY 1996 to FY 2000.

FFEL AND DIRECT LOAN COMPONENTS

Direct Loans generally have the same terms as comparable loans under the FFEL program except for Consolidation loans. The following program components are available under both the FFEL and the Direct Loan programs.

- (1) **Stafford Loans** (renamed Stafford/Ford in Direct Loans) are available only to undergraduate and graduate students who demonstrate financial need. The Department pays the interest while the student is in-school and during certain grace and deferment periods. Stafford loans carry a higher subsidy rate than the other types.

STUDENT LOANS OVERVIEW

-
- (2) Unsubsidized Stafford Loans are available to undergraduate and graduate students regardless of financial need. The Department does not provide interest benefits during in-school, grace, or deferment periods. During these periods, interest may be repaid or accrued and capitalized for later repayment. Under FFEL, lenders may capitalize interest no more frequently than quarterly (if they choose to do so). Under Direct Loans, the Department capitalizes the interest that accrues on the loan when the borrower enters repayment.
 - (3) PLUS Loans are available to parents of dependent students, regardless of financial need. The Department does not provide interest benefits during in-school, grace, or deferment periods.
 - (4) Consolidation Loans may be taken out to consolidate one or more Federal education loans, including FFEL and Direct Loans, Perkins Loans, and selected Public Health Loans. FFEL borrowers who are unable to obtain a FFEL consolidation loan with income-sensitive repayment terms acceptable to the borrower may take out a Direct Consolidation loan.

Loan Maximums and Interest Rates.

The two tables which follow, display 1) the current loan maximums as specified in SLRA and 2) the interest rates by academic year for each of the program components discussed above.

STUDENT LOANS OVERVIEW

LOAN MAXIMUMS AS OF JULY 1, 1994

FFEL AND DIRECT LOAN PROGRAMS		
Academic Level	Combined Stafford and Unsubsidized Stafford Loans	Additional Unsubsidized Loan Eligibility
Undergraduate	ANNUAL LIMITS	
First Year Student		
Full academic year	\$2,625	\$4,000
2/3 academic year	\$1,750	\$2,500
1/3 academic year	\$875	\$1,500
Second Year Student		
Full academic year	\$3,500	\$4,000
2/3 academic year	(Prorated for < academic year)	\$2,500
1/3 academic year		\$1,500
Third Year+ Student		
Full academic year	\$5,500	\$5,000
< full academic year	Prorated	Prorated
Graduate or Professional Student		
	\$8,500	\$10,000
	AGGREGATE LIMITS	
Undergraduate	\$23,000	\$23,000
Graduate/Professional (incl. undergraduate)	\$65,500	\$73,000

Notes: Eligibility for Stafford Loans is limited to borrowers with demonstrated financial need. Students whose financial need qualifies them for only a portion of the total Stafford limit, may borrow the remaining loan amount under the Unsubsidized Stafford program. For students borrowing under both programs, the "Stafford and Unsubsidized Stafford" Loan limits displayed above apply to the combined amount borrowed.

For **independent undergraduate students** (or dependent undergraduate students whose parents cannot borrow under the PLUS program) and for **graduate and professional students**, the maximum amount a student can borrow during any academic year is: the combined Stafford and Unsubsidized Stafford Loan limit plus the amounts shown under the column entitled, "Additional Unsubsidized Loan Eligibility." For example, a second year independent student could borrow \$3,500 under the combined Stafford and Unsubsidized Stafford Loan limit and an additional \$4,000 in Unsubsidized Loans for a total of \$7,500.

PLUS loans are limited only to the cost of attendance minus any financial assistance the student has been or will be awarded.

STUDENT LOANS OVERVIEW

INTEREST RATES BY ACADEMIC YEAR AND PROGRAM COMPONENT

Type of Loan	Loans made on or after July 1, 1994	Loans made on or after July 1, 1995	Loans made on or after July 1, 1998
Stafford and Unsubsidized Stafford	91-day Treasury bill rate+3.1%, not to exceed 8.25%	91-day Treasury bill rate+2.5%, during in-school, grace, or deferment periods, but remains T-bill +3.1% during repayment; capped at 8.25%	bond equivalent rate of securities with comparable maturity+1.0%, not to exceed 8.25%
PLUS	52-week Treasury bill rate+3.1%, not to exceed 9%	same as 1994	bond equivalent rate of securities with comparable maturity+2.1%, not to exceed 9%
FFEL Consolidation Loans	weighted average of the interest rates on the loans consolidated	same as 1994	same as 1994
Direct Consolidation Loans—Stafford and Unsubsidized Stafford	91-day Treasury bill rate+3.1%, not to exceed 8.25%	91-day Treasury bill rate+2.5%, during in-school, grace, or deferment periods, but remains T-bill + 3.1% during repayment; capped at 8.25%	bond equivalent rate of securities with comparable maturity+1.0%, not to exceed 8.25%
Direct PLUS Consolidation	52-week Treasury bill rate+3.1%, not to exceed 9%	same as 1994	bond equivalent rate of securities with comparable maturity+2.1%, not to exceed 9%

Note: All interest rates on new loans are variable rates, recalculated annually and adjusted each July 1. For the current 1994-1995 academic year, the applicable Stafford/Unsubsidized Stafford rate for new borrowers is 7.43 percent. Interest rate caps displayed above are lower than interest rate caps for the 1993-1994 academic year. Prior to July 1, 1994, Stafford loan interest is capped at 9 percent, and PLUS loan interest is capped at 10 percent.

Borrower Fees

The SLRA provides that all FFEL and Direct Loan borrowers pay lower loan fees than were previously assessed in the FFEL program. As a result, Direct Loan borrowers pay an

STUDENT LOANS OVERVIEW

origination fee of 4 percent of the principal amount of the loan. Also as of July 1, 1994, FFEL borrowers began paying a loan origination fee equal to 3 percent of the loan principal, and guaranty agencies were permitted to charge borrowers an insurance premium of up to 1 percent, for a combined total of 4 percent. Prior to July 1, 1994, FFEL borrowers paid an origination fee of 5 percent, and guaranty agencies were permitted to charge FFEL borrowers an insurance premium of up to 3 percent.

REPAYMENT PLANS

FFEL Repayment. Most FFEL borrowers pay according to a standard (ten year) equal installment repayment plan. Although the HEA statute directs that lenders must offer borrowers who are entering repayment income-sensitive or graduated repayment options, such options have not previously enjoyed strong lender support. Furthermore, extended repayment terms are not available to FFEL borrowers, except through loan consolidation.

Direct Loan Repayment. The Direct Loan program offers borrowers a variety of easily attainable repayment options; borrowers can choose the option that best meets their financial and career needs. Income-contingent repayment is the most innovative and flexible of the options offered. Under income-contingent repayment, the monthly payment amount is tied directly to the borrower's income level. This allows the borrower to take low paying jobs, including jobs in community service, without worrying that monthly payments will become so burdensome that a default results. Income-contingent repayment directly supports the President's goal of encouraging students to return to the community some of the benefits they have received through their postsecondary education. Income-contingent repayment also ensures that no student need fear that borrowing will lead to unmanageable payments and default. Individuals can borrow with confidence to finance the skill training or higher education they need.

The following table displays repayment plans available under the new Direct Loan Program.

Direct Loan Repayment Options
Standard repayment plan: fixed annual repayment amount up to 10 years
Extended repayment plan: fixed annual repayment amount over a longer period
Graduated repayment plan: annual repayment amounts increase over a standard or extended period of time
Income contingent repayment plan: varying annual repayment amounts (ranging from 4 to 15 percent of adjusted gross income) based on the size of debt and income of the borrower, paid over an extended period of time, not to exceed 25 years
Alternative repayment plan: for borrowers who demonstrate that the above plans do not accommodate their exceptional circumstances

FFEL borrowers who are unable to obtain a Consolidation Loan from a lender with income-sensitive repayment terms acceptable to the borrower may obtain a Federal Direct Consolidation Loan with the accompanying variety of repayment options offered.

STUDENT LOANS OVERVIEW

Significant Items in FY 1995 Appropriations Reports

Administration of Federal Family Education Loan and Federal Direct Student Loan Programs

House: The Committee is concerned that differences between the two programs could create borrower confusion and complicate assessment of the Direct Loan Program by institutions considering participation in it. The Committee requests the Department to report to Congress within 90 days of enactment of the 1995 appropriations act regarding the differences identified between the two loan programs and its plans to revise regulations, policies and procedures to eliminate these differences where appropriate.

Senate: The Committee understands that the Department is committed to effectively implementing the new Direct Loan Program, but the Committee is also aware that...significant changes in this program required by the SLRA have created uncertainty among program participants that could jeopardize student access to needed loan funds. The Committee, therefore, directs the Secretary to ensure that the Office of Postsecondary Education is fully responsive to requests from FFEL Program participants for clarification of program regulations and policy guidance. The Committee further understands that Federal direct student loans are required to have the same terms, conditions, and benefits as Federal family education loans, and directs the Department to eliminate, as far as possible, any differences in the administration of the two programs that are not required by law.

Response: The Department has prepared a report identifying key differences between FFEL and the Direct Loan programs and has made an extensive effort to ensure that, to the extent practicable, such differences have been eliminated. This report is being forwarded to the Committee. A number of changes were made to FFEL regulations in order to conform to Direct Loan policy decisions and a set of final regulations reflecting these changes was published on November 29, 1994. In some instances, due to the basic structural and operational differences between the two programs, differences are appropriate and will remain--particularly with regard to policies concerning lenders and guaranty agencies. In other areas, such as repayment plans, statutory language dictates differences.

The Department will continue to be fully responsive to requests from FFEL program participants for clarification of program regulations and policy guidance during the transition from the FFEL program to the Direct Loan program.

Federal Direct Student Loan Program--Report on Implementation

House: The Committee understands that the Department has awarded a contract for the evaluation of the Direct Loan program, which should provide Congress an objective basis for evaluating the program. In this regard, the Committee directs the Department to provide this committee, as well as the authorizing committees, with an annual report of (1) its current assessment of the state of program

STUDENT LOANS OVERVIEW

Significant Items in FY 1995 Appropriations Reports--continued

implementation, (2) a list of specific problems identified, (3) any modifications to the scope of contract work, (4) a list of any increases in program costs or expenses, especially administrative costs, above those included in the budget established for the program, and (5) any other information necessary for Congress to assess whether the program is being implemented effectively.

Senate: The Committee concurs with the House...and directs that this report be made on a semiannual basis.

Conference: The conferees direct the Department to provide semiannual reports to the Appropriations Committees on the implementation of the Direct Loan program.

Response: The Department will provide semiannual reports to the Appropriations Committees on the implementation of the Direct Loan program. The reports will include information about the costs and savings in implementing the Direct Loan program, accomplishments and improvements in borrower services and any problems encountered. These reports will draw on evaluation findings, institutional and borrower surveys, ongoing program monitoring and other available information. The first of the semiannual reports is expected to be completed in the Spring, 1995.

STUDENT LOANS OVERVIEW

1996 PROGRAM COSTS

The Congressional Budget Act of 1974, as amended by the Federal Credit Reform Act of 1990, created a standard method of accounting for all Federal credit programs, whether direct or guaranteed. In keeping with these statutory provisions, the Direct Loan and FFEL Programs have two cost components: Federal subsidies for new loans and Federal administration of student loans.

FEDERAL SUBSIDIES

Subsidy costs reflect the net present value of the Federal portion of all non-administrative costs associated with each loan. For example, the subsidy cost of the 1996 Stafford Loan cohort--all loans made within a given year are referred to as a cohort--reflect estimates of the net present value of all future costs associated with those loans. The largest such costs involve in-school interest subsidies--Stafford Loan borrowers do not pay interest while they are in school--and costs associated with defaulted loans. Subsidy costs for both programs are counted as mandatory spending authority. Under the proposed policy for FY 1996, subsidy costs are estimated at \$1.5 billion for Direct Loans and \$1.62 billion for FFEL.

Subsidy rates represent the Federal portion of non-administrative costs--principally interest subsidies and defaults--associated with each borrowed dollar. Thus, the subsidy rate for a FFEL or Direct Loan reflects the estimated unit cost per loan to the Federal Government. For example, a \$1,000 loan with Federal subsidy costs of \$100 would have a subsidy rate of 10 percent. The individual subsidy rates for Direct Loans and FFEL basically reflect the ratio of budget authority to loan volume commitments in each program for loans made in a given year. For FY 1996, the weighted average FFEL subsidy rate is estimated at 15.67 percent; whereas, the Direct Loan subsidy rate is estimated at 7.63 percent, almost half of the FFEL rate. **Thus, in FY 1996, a Direct Loan is estimated to cost the Government about one-half of what a loan costs under the FFEL program.** Annual variations in the subsidy rates are largely due to variations in short and long-term interest rates.

Much of the increased rate of cost per loan in FFEL compared to Direct Loans is attributable to special allowance payments to lenders and other statutorily mandated payments that are not necessarily related to lender and guaranty agency actual costs. Conversely, under Direct Loans, the Government makes no special allowance payments, obtains origination and loan servicing through the use of competitively bid contracts in the private sector, and benefits from borrower interest repayments, particularly in Unsubsidized Stafford and PLUS loans that usually exceed the cost of Federal borrowing under Direct Loans.

Default Rates

The Department uses a number of different default rates for the Direct Loan and FFEL programs. The most commonly referenced rate in FFEL is the annually published national "cohort default rate," which reflects the percentage of borrowers in a given cohort (defined by year of entering repayment) of loans who default over the first two years after entering repayment. These rates have been decreasing in recent years, going from 22.4 percent in 1990 to 15 percent in 1992, the latest year for which data is available.

STUDENT LOANS OVERVIEW

Department cost estimates, however, which are based on studies of long-term default activity, are developed using projections of defaults **over the lifetime of a given loan cohort**. These lifetime default rates are assumed to be the same for both the Direct Loan and FFEL programs. This assumption reflects a fairly conservative assessment of likely default activity, and we hope that the easy availability of alternative repayment plans, and income-contingent repayment in particular, will in practice reduce default rates in Direct Loans.

In addition to these lifetime dollar default rates, the Department also publishes "three-year rates"--dollar default rates that reflect defaults during the first three years of repayment, when roughly 80 percent of all defaults occur. (These three-year rates are often used as indicators of program quality.) Because Direct Loan borrowers selecting alternative repayment plans are assumed to default slightly later than comparable FFEL borrowers, the three-year default rate is approximately three-quarters of a percentage point lower in Direct Loans than in FFEL.

FEDERAL STUDENT LOAN ADMINISTRATION

This section describes Federal administrative costs associated with the delivery of 7.1 million student loans totaling \$28.4 billion in FY 1996. These administrative costs total \$580.1 million, of which \$550 million is provided under mandatory permanent authority for Direct Loan and FFEL Transition administration and \$30.1 million is provided under discretionary budget authority for FFEL administration.

A non-Federal activity--administrative expense allowances for guaranty agencies--accounts for \$135.6 million of the \$580.1 million total. The remaining \$444.5 million supports Federal activities. Within these activities, the largest cost--\$102.8 million--involves contracts for Direct Loan origination and servicing. Federal activities also include costs associated with 826 full-time equivalent (FTE) positions for Direct Loans, FFEL Transition, and FFEL.

Transition from FFEL to Direct Lending

The \$550 million in Direct Loan and FFEL Transition permanent authority is authorized by Section 458 of the Higher Education Act, as amended-- "... for administrative costs under this part, including the costs of the transition from the loan program under part B to the direct student loan programs under this part, ..." Nearly half of the \$550 million supports the transition from FFEL to direct lending. Transition activities include:

- Guaranty Agency Oversight. The stability of the guaranty agency system is critical to the orderly transition to direct lending. The Department must be prepared to assure the systematic wind-down of any agency's activities, either by consolidating it with another agency or shifting its outstanding loan guarantees to other agencies. To date, four guaranty agencies have been merged into other guaranty agencies: the Puerto Rico Higher Education Assistance Corporation and the Virgin Islands with the Great Lakes Higher Education Assistance Corporation; Idaho with Washington State; and Mississippi State with the United Student Aid Fund. The Department has also established a transition guaranty agency to act as guarantor of last resort. Should any guaranty agency fail, or be phased out, the Department has the option of reassigning its outstanding portfolio to either another guaranty agency or the transition guaranty agency.

STUDENT LOANS OVERVIEW

- **Guaranty Agency Administrative Expenses.** As noted above, we currently estimate that \$135.6 million will be needed to support the payment of guaranty agency administrative expense allowances. This figure is based on the one percent of new FFEL loan volume formula used for FY 1995. Because the determination of administrative allowances is subject to the Secretary's discretion, a different policy may be announced by the summer of 1995 that could change the amount needed to support these payments.
- Other program transition activities include maintenance of systems to support the collection of defaulted loans assigned to the Department by guaranty agencies; maintenance of, and changes to, information data bases for tracking loans; and the development and implementation of plans to ensure continuing loan access to borrowers.

Direct Lending

The remaining half of the \$550 million Direct Loan and FFEL Transition permanent appropriation for administrative costs is for Direct Loan program delivery, reflecting costs associated with:

- Expanding the program from 40 percent of new loan volume in academic year 1995-96 to 80 percent in academic year 1996-97. In expanding from 6 percent of new loan volume to 40 percent of new loan volume in FY 1995, the number of schools participating in Direct Loans will increase from 104 to 1,495. The number of participating schools in 1996 will not be known until the additional schools are selected -- by November 1995 -- to reach the higher loan volume target.
- Providing several repayment options to students, including 10-year standard, income-contingent, graduated, and extended repayment plans.
- Processing and servicing consolidation loans. Loan consolidation will enable students to consolidate either FFEL or Direct Loans into a single Direct Loan.

The largest single Direct Loan program delivery cost is for loan origination and servicing contracts. In 1996, \$102.8 million will support these contracts, which involve activities such as receipt and review of loan origination records, processing and storage of promissory notes, processing funds transfers to schools, and recording loans on Department computer systems, as well as payment processing, collection of delinquent loans, and customer support. These contracts are awarded on a competitive basis to assure highest quality and lowest cost.

FFEL Administration

The \$30.1 million requested for FFEL reflects a decrease of \$32.1 million from 1995 and represents the initial step in the eventual elimination of the separate discretionary FFEL administrative account. This account will become increasingly unnecessary as the focus within the FFEL program shifts from the delivery of new loans to the transition into Direct Loans. By 1996, for example, the FFEL program will account for only 20 percent of new loan volume.

STUDENT LOANS OVERVIEW

Costs supported by the request include:

- \$24.5 million for 330 FTE and their related costs, including travel, rent, postage, telecommunications, and training. This staff will support the award of new student loan volume, and manage and oversee over \$80 billion in outstanding FFEL loans, most of which are held at guaranty agencies; and
- \$5.6 million which is primarily for contractual services and printing of FFEL materials.

Staffing for FFEL and Direct Loans: A total of 826 FTE will be needed to staff the FFEL and Direct Loan programs in 1996, including 330 FTE charged to FFEL only and 496 FTE charged to Direct Loans and transition. This marks a net decrease of 15 FTE from the 1995 combined level of 841 FTE. Revised staffing levels for Direct Loans and FFEL reflect a reassignment of 150 FTE currently working on the FFEL program to Direct Loans. This reassignment corresponds with the shift in new loan volume from a mix of 40 percent for Direct Loans and 60 percent for FFEL loans for the 1995-1996 academic year to 80 percent for Direct Loans and 20 percent for FFEL loans in 1996-1997.

The redeployment of FFEL staff will enable the Department to continue the successful expansion of the Direct Loans program without increasing the Department's overall FTE. In accord with the Department's long-range streamlining plan, FFEL will decrease to 244 FTE by 1999 as part of a Department-wide reduction of 375 FTE over 1995-1999. Although the President's proposal would totally replace the FFEL program with Direct Loans by 1998, FFEL staff resources will still be needed to oversee the collection and eventual retirement of the outstanding FFEL loan portfolio, estimated to be at over \$80 billion by the end of 1996.

Distribution of FTE by administrative activity: The distribution of FTE by the most significant Direct Loan and FFEL staff activities and the change from 1995 are displayed below.

STUDENT LOANS OVERVIEW

Direct Loan and FFEL FTE

	1995 FTE		1996 FTE		Change in FTE	
	FFEL	DL	FFEL	DL	FFEL	DL
Program Coordination/Policy Development/Training	32	41	23	51	-9	+10
Program Accounting	36	19	24	29	-12	+10
Systems Management/Contract monitoring	28	48	14	64	-14	+16
Gatekeeping/Oversight	199	164	79	278	-120	+114
Overall management	9	42	5	42	-4	0
Debt collection	191	0	185	0	-6	0
Department services (Legal, Financial, Personnel, Budget, Contracts, and Evaluations)	N/A	32	N/A	32	N/A	0
Total	495	346	330	496	-165	+150
Total Direct Loan and FFEL	841		826		-15	

Staff for both programs perform the following functions:

- Training and technical assistance for school financial aid administrators on-site and at special regional training laboratories that provide hands-on training on program requirements. This is especially critical as the number of new Direct Loan schools expands from 104 to 1,495 and beyond in 1996. Training for participating schools is also needed on an on-going basis because of changing programmatic requirements and the high turnover--30 percent annually--among institutional financial aid staff.
- Policy development to improve program effectiveness and establish and refine regulatory requirements for both programs.
- Customer support and technical assistance. The Department has strengthened its management of the student aid programs by establishing a customer support unit to respond to participating schools and students about their specific problems or needs.
- Accounting and financial management activities resulting from requirements contained in the Credit Reform Act and the Chief Financial Officers Act, which require highly detailed accounting for all Federal loan programs.
- Management and monitoring of 25 major student aid program delivery contracts. These large contracts perform the majority of operations for the loan programs,

STUDENT LOANS OVERVIEW

including such support activities as application processing, loan origination, and debt collection.

- "Gatekeeping," including determining and tracking school eligibility and certification; monitoring accrediting agencies; and overseeing schools, lenders, and guaranty agencies. In recent years, the Department's program integrity activities have been broadened to include monitoring institutional financial capability and fiscal practices to ensure that program participants are effectively using program funds. Staff also support compliance and enforcement activities such as the limitation, suspension and termination of schools that have excessive default rates or fraudulent practices. During 1996 there is a net decrease of 6 FTE in Gatekeeping/Oversight. This decrease reflects the smaller number of lenders and guaranty agencies to be reviewed due to the decreased loan volumes in FFEL. In conjunction with the shift in loan volumes from FFEL to Direct Loans, the Gatekeeping FTE are also shifting to the Direct Loan program, where they will focus on reviewing more institutions in a more detailed manner, as stated above.
- Management activities, including direction provided by the Assistant Secretary for Postsecondary Education and the Senior Advisor to the Secretary for Direct Lending; and other functions such as strategic planning, delegation and tracking of workload, correspondence control, and review and approval of regulations.
- Debt collection and defaulted account servicing. A staff of 185 FTE are allocated solely to the FFEL program during 1996. Successful debt collection practices have resulted in collections of \$506 million in 1994, a \$33 million increase over the 1994 performance goal and a 192 percent increase over 1993 collections of \$173 million. In time, debt collection staff will also be allocated to the Direct Loans program to handle any loan defaults.
- In the case of Direct Loans, staff in the Office of the General Counsel, the Office of Management, the Office of the Under Secretary, and the Office of the Chief Financial Officer are required to ensure that the program is implemented on schedule and in accordance with a variety of statutory mandates. Direct Loan activities performed in these offices include legal advice and support; recruitment and processing of personnel actions; changes to the Department's financial management systems; execution and preparation of extensive budget materials required by the Credit Reform Act; solicitation, award, and monitoring of Direct Loans contracts; and evaluation activities.

Personnel costs: Personnel compensation and benefits costs for the staffing level of 826 FTE total \$47.6 million in 1996, an increase of \$1.1 million over the comparable amount in 1995. Of the total, \$18.9 million supports FFEL (330 FTE) and \$28.7 million involves Direct Loans (496 FTE). The increase primarily reflects built-in factors such as the annualization of the 1995 pay increase, the proposed government-wide 2.4 percent Federal pay increase scheduled for January 1996, within-grade increases, one more paid day in 1996, and the Federal cost of employee benefits. These costs will be partially offset by a decrease related to the net reduction of 15 FTE.

STUDENT LOANS OVERVIEW

Non-Personnel Costs: In addition to the \$135.6 million in guaranty agency administrative expense allowances, \$396.9 million is needed for non-personnel costs to manage the FFEL program and for transition to and operation of the Direct Loan program. Of this total, \$11.2 million is charged to the FFEL program and \$385.7 million to Direct Loans. This represents an overall increase of \$201.3 million over 1995—an increase of \$225.1 million for Direct Loans offset by a decrease of \$23.8 million for FFEL. The decrease in FFEL reflects the program dropping from 60 percent to 20 percent of new loan volume in 1996.

Almost 57 percent, or \$330.6 million, of the total administration costs in the FFEL and Direct Loan programs are incurred for automated data processing (ADP) contracts. The following table shows the FFEL and Direct Loan portions of the major ADP contracts, some of which receive additional funding from the Program Administration account:

Major ADP Contracts -- FFEL and Direct Loans
(\$ in 000s)

	1995	1996	Change
Direct Loans Origination and Servicing Systems	\$65,982	\$102,750	+\$36,768
Contractual Improvements and Development	0	85,635	+85,635
Title IV Platform (Computer facility)	1,500	45,000	+43,500
Stafford/Perkins Data Services	21,750	20,880	-870
Title IV Processing Contracts	22,728	30,560	+7,832
National Student Loan Data System (NSLDS)	14,778	17,900	+3,122
Federal Student Aid Information Line	8,299	9,335	+1,036
General Electronic Support	5,500	11,000	+5,500
Total	140,537	323,060	+182,523

More specifically, these funds support the following activities:

- Direct Loan origination and servicing contracts (\$102.8 million) support loan delivery, origination, and servicing and other ADP activities. These contracts will provide loan servicing support, maintain the Department's data base of Direct Loan recipients, provide basic and alternate origination functions for schools that either are unable or unwilling to originate loans, handle billings and repayments, and assist with customer service. The increase is directly proportional to changes in the total number of loans, which is projected to increase from 1.7 million to 4.6 million.
- Contractual improvements and development costs (\$85.6 million) support activities responding to technological or programmatic changes that affect Direct Loans and transition systems. These costs include modifications to the loan servicing and collection systems; the possible provision of lender referral fees to assure loan access; the potential introduction of new student tracking and loan delivery systems, possibly through automatic card technology; and the integration of loan and default collection into Department or government-wide collection systems. Contractual improvements are budgeted for separately to ensure tight control by the Department over contractor costs.

STUDENT LOANS OVERVIEW

- The Title IV platform (\$45 million) is a central ADP computer facility that will centralize data processing for all student aid programs, including the loan programs--by far the largest. This single facility will support multiple software contracts and address multiple system priorities and program delivery. At the same time, it will significantly reduce duplicative hardware costs once all major systems are supported. A 1993 Department study projected a 10-year savings of \$100 million; however, with the increase in the number of software contracts--particularly those for the new Direct Loans program--the savings are likely to be much higher.
- Stafford/Perkins Data Services (\$20.9 million) processes default claims from lenders and guaranty agencies and supports the defaulted loans collections system. The system is integrated across all loan programs for lower cost and greater efficiency; Perkins loans represent only 10 percent of estimated Data Services costs, (which is budgeted in the Program Administration account).
- Title IV processing contracts (\$30.6 million) support the processing of applications for all student aid authorized under Title IV of the Higher Education Act (HEA). The estimate includes costs to implement a statutory requirement that all students receiving student aid be sent a Title IV renewal form. While simplifying student applications by requiring that they only update data from the previous year, this form increases the Department's initial processing and mail costs.
- The National Student Loan Data System (\$17.9 million) will provide detailed FFEL and Direct Loan data at the borrower and loan level to improve the accuracy of budget materials and cost projections, strengthen program oversight and integrity activities, and enhance research and evaluation activities. NSLDS is especially important because of the historical and continuing inability of guaranty agencies to supply data on a consistent and accurate basis.
- The Federal Student Aid Information Line (\$9.3 million) provides a toll-free telephone service (1-800-4FEDAID), as authorized in Section 483(d) of the HEA, for the public to obtain information concerning Federal financial assistance to students.
- General electronic support (\$11 million) involves the development of a wide-area electronic telecommunications network to link lenders, guaranty agencies, and schools with the Department information and application processing systems.

Other increases between 1995 and 1996 are required by built-in increases such as rent, communications, postage and other support systems.

Direct Loans Federal Administration Costs: Long-Range Plan

The mandatory permanent budget authority for Direct Loans administration and transition costs for fiscal years 1996 through 1998 will continue to support the same kind of activities as in 1994 and 1995: training and technical assistance to an expanding pool of participating schools; originating and servicing of loans; administrative expense allowances for guaranty agencies; and other transition activities. Most of these costs fluctuate with loan volume. For example, loan origination and servicing contracts costs for 1996 through 1998 are estimated at \$102.8 million, \$251.3 million and \$355.6 million, respectively, as Direct Loans increase from 40 percent to 100 percent of loan volume. Conversely, administrative expense

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allowances for guaranty agencies are estimated at \$135.6 million in 1996, \$58.2 million in 1997 and \$11.7 million in 1998 as new FFEL loan guarantees are reduced.

The Department plans for Direct Loans to account for 100 percent of new loan volume by 1997 and maintain that percentage in later years. The Department will accomplish this accelerated phase-in of Direct Loans within the total \$2.5 billion authorized for administration from 1994 - 1998. Shown below are current projected obligations compared with the mandatory permanent budget authority authorized for each of these years.

	<u>Direct Loans Federal Administration Permanent Budget Authority</u> (\$ in millions)					
	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>TOTAL</u>
Authorized Appropriation	\$260	\$345	\$550	\$595	\$750	\$2,500
Projected obligations	<u>(165)</u>	<u>(393)</u>	<u>(550)</u>	<u>(642)</u>	<u>(750)</u>	<u>(2,500)</u>
Balance	95	(48)	0	(47)	0	0

The five-year (1994-1998) permanent definite appropriation allows flexibility in the use of funds by year. The current plan shows an unobligated balance from 1994 of \$95 million which will be used to support activities in later years. Section 458(a) allows the Secretary to use funds made available for subsequent years for administrative activities, provided that total expenditures through 1998 do not exceed \$2.5 billion; and the Secretary notifies the Committees on Appropriations of the Senate and the House of Representatives, the Labor and Human Resources Committee of the Senate, and the Economic and Educational Opportunity Committee of the House of Representatives, formerly known as Education and Labor.

We estimate that \$1.8 billion in additional permanent budget authority will be needed for 1999 and 2000, for a total of \$4.3 billion in costs over a seven-year period commensurate with program policy. Including the cost of the additional two years of operation, with the Office of Management and Budget's interest rates, the Department calculates additional savings of \$6.1 billion in budget authority and \$5.2 billion in outlays resulting from 100 percent implementation of the Direct Loan program for the 1994-2000 period. These savings are in addition to previous savings calculated in 1993.

Estimates for the most significant Direct Loan administrative and transition costs for the seven-year period include the following:

	(\$ in millions)
<u>Activity</u>	<u>Seven-Year Cost</u> <u>1994 through 2000</u>
Origination and servicing contracts	\$1,934
Other ADP contracts	863
Guaranty agency administrative expense allowances (AEA)	516
Contractual improvements and development	450
Payroll costs for up to 520 FTE each year	189

A description of each of these costs follows:

STUDENT LOANS OVERVIEW

- Annual costs for origination and servicing vary depending on overall loan volumes, as well as on the phase-in percentage. If direct lending is phased in at a slower pace, some costs would be reduced. Conversely, however, higher levels of FFEL loans in FYs 1997-2000 would substantially increase administrative expense allowances.
- Costs for other ADP contracts support the central computer facility that will eventually support all of the Department's major systems, and reflect the Direct Loan portion of the Department's major student aid systems, including the student aid processing contracts, Stafford/Perkins Data Services contracts, National Student Loan Data System, and the toll-free student aid information line and wide-area network that links schools with the student aid contractors. These contracts also support FFEL and other student aid programs.
- AEA costs start at \$97.6 million in 1994 and are eliminated by 1999. These costs are calculated based on one percent of new loan guarantees held by the guaranty agencies. By 1999, no new FFEL loans will be made.
- Costs for contractual modification and development activities related to the use of alternate repayment systems and new technology are estimated pending final decisions in some areas. As previously reported to Congress, the Department is continuing to work with the Department of Treasury and the Internal Revenue Service (IRS) to determine the feasibility of using IRS to collect student loans or some subset of student loans and to provide information to assist with the income-contingent repayment process. Potential uses of automatic debit card technology for the delivery of student aid are also being explored.
- Costs for staffing over the seven-year period account for only 4.4 percent of the total seven-year costs. Under the Department's streamlining plan, many staff will be reallocated from FFEL to Direct Loans. Planned staffing levels from 1994 through 2000 for the Direct Loans/transition account are as follows:

	1994	1995	1996	1997	1998	1999	2000
FTE	140	346	496 ¹	520	520	520	520

¹ Includes 150 FTE shifted from FFEL to Direct Loans.

The Department plans to use 496 full-time equivalent employees in 1996 and 520 each year through 1999 for administering the Direct Loan program and the transition. However, employees administering the FFEL program will decrease from 330 FTE in 1996 to 244 FTE by 1999--part of a Department-wide decrease in staffing from 1995 to 1999 of 375 FTE. The seven-year estimate of costs also includes those for rent, postage, telecommunications, training, evaluations, printing, and customer service.

In responding to the Direct Loans reporting requirements contained in Section 458(c) of the Higher Education Act, a detailed chart for Obligations by Object class reflecting Direct Loans implementation and transition costs for the prior, current, and budget years has been provided with these materials. The information included in this section addresses projected costs for future years and is shown on the following page.

DIRECT LOANS IMPLEMENTATION/TRANSITION

Obligations by Object
(in thousands of dollars)

		1994	1995	1996	Change from 1995 to 1996
11.1	Full-time permanent	\$6,519	\$15,832	\$23,330	\$7,498
11.31	Full-time temporary	76	0	0	0
11.3A	Part-time	43	0	0	0
11.33	Consultants	20	0	0	0
11.5	Overtime	249	62	122	60
11.5	Awards	368	337	618	281
11.8	Other Compensation	1	0	0	0
	Compensation subtotal	7,276	16,231	24,070	7,839
12.0	Benefits	1,296	3,479	5,360	1,881
13.1	Benefits for former personnel	102	0	0	0
	Comp/benefits subtotal	8,674	19,710	29,430	9,720
21.0	Travel	499	1,619	4,404	2,785
22.0	Transportation of things	0	0	7	7
23.1	Rental payments to GSA	1,190	7,850	10,529	2,679
23.3	Communications	150	0	95	95
23.31	ADP/Telecom Rentals & Misc	11	119	58	(51)
23.33	Postage/fees	2,600	1,953	4,223	2,270
	Subtotal 23	3,951	9,922	14,915	4,993
24.0	Printing & Reproduction	2,249	3,484	6,724	3,240
25.1	Advisory & Assistance services	1,037	1,631	1,011	(620)
25.2	Other Services	1,128	6,932	15,257	8,325
25.22	ADP Processing Svcs/Contr	44,767	125,680	327,342	201,662
25.23	Training/Tuition/Fees/Contr	820	1,700	6,722	5,022
25.25	Field readers	0	0	0	0
25.27	Equip Repair & Maint	11	42	210	168
25.3	Purch Goods/Svcs-Gov	1,054	5,850	5,228	(622)
25.33	Bldg. Alterations	0	0	0	0
25.4	GOCO's	1	0	0	0
25.5	Research & Development	0	0	0	0
	Subtotal 25	48,818	141,835	355,770	213,935
26.0	Supplies	629	493	661	168
31.2	Other Equipment & furniture	14	185	422	237
31.4	ADP Equipment	2,597	2,700	2,115	(585)
41.84	Admin Expense Allowance	97,572	213,299	135,552	(77,747)
43.1	Interest and dividends	0	0	0	0
	Total Obligations	165,003	393,247	550,000	156,753
	Budget Authority	260,000	345,000	550,000	205,000
	Cumulative Unobligated Balance	94,997	46,750	46,750	0

NOTE: Unobligated balance of \$46,750 thousand will be obligated during 1997.

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FFEL MANDATORY ADMINISTRATIVE COSTS

The FFEL Program account also includes mandatory administrative expenses. These expenses represent supplemental pre-claims assistance payments to guaranty agencies and contract collection costs for defaulted loans that are assigned by guaranty agencies to the Department. Pursuant to the requirements of the Credit Reform Act of 1990, beginning with FY 1994, mandatory administrative expenses for loans made prior to 1992 are reflected on a cash basis in the Liquidating Account where they originated. Mandatory administrative expenses for loans made in 1992 and thereafter are included in the FFEL subsidy estimate, within the FFEL Program account, as part of overall subsidy computations for each cohort.

LIQUIDATING ACCOUNT

The cost of FFEL student loan commitments made prior to fiscal year 1992 (the start of credit reform) is appropriated under permanent indefinite authority in a Liquidating Account. This account funds pre-1992 student loan activities such as loan default payments, special allowance payments and interest benefits. Since no new loans will be issued in this account, costs--estimated at \$595.2 million in FY 1996--will decrease in the future as in-school interest and default costs diminish.

IMPACT DATA

Fiscal Year

TOTAL FFEL PROGRAM LOANS	1994	1995	1996
Loan volume ¹ (million \$)	\$23,214	\$18,663	\$9,541
Number of loans (000s)	6,352	4,884	2,495
Average loan (whole \$)	\$3,655	\$3,821	\$3,824
Subsidy Cost ² (million \$)	\$2,933	\$3,774	\$1,620
Subsidy Rate ³	11.70%	16.50%	15.67%

TOTAL DIRECT LOAN PROGRAM LOANS	1994	1995	1996
Loan volume ¹ (million \$)	\$813	\$7,094	\$18,815
Number of loans (000s)	225	1,694	4,613
Average loan (whole \$)	\$3,615	\$4,187	\$4,079
Subsidy Cost ² (million \$)	\$56	\$793	\$1,499
Subsidy Rate ³	7.84%	11.11%	7.63%

Note: Loan volumes are based on fiscal years (FY) rather than academic years (AY). On an academic year basis, loan volumes reflect policy goals for phasing in the Direct Loans Program (e.g., 40 percent of volume for AY 1995-1996 and 80 percent in 1996-1997).

¹Reflects amounts disbursed, which are less than amounts committed (e.g., due to student withdrawal).

²The subsidy amounts are estimated on a net present value basis and represent subsidy budget authority.

³This rate reflects subsidy costs in a given year divided by loans committed for that year.

Department of Education

FEDERAL FAMILY EDUCATION LOAN PROGRAM ACCOUNT

Fiscal Year 1996 Budget Request

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FEDERAL FAMILY EDUCATION LOAN PROGRAM ACCOUNT

For Federal administrative expenses to carry out guaranteed student loans authorized by title IV, part B, of the Higher Education Act, as amended, [\$62,191,000] \$30,066,000. (*Department of Education Appropriations Act, 1995.*)

FEDERAL FAMILY EDUCATION LOAN PROGRAM ACCOUNT

Amounts Available for Obligation
(\$ in 000s)

	1994	1995	1996
<u>Current authority:</u>			
Annual appropriation	\$69,966	\$62,191	\$30,066
Unobligated balance expiring	<u>-49</u>	<u>0</u>	<u>0</u>
Total obligations	69,917	62,191	30,066

FEDERAL FAMILY EDUCATION LOAN PROGRAM ACCOUNT

Obligations by Object
(in thousands of dollars)

		1994	1995	1996	Change from 1995 to 1996
11.1	Full-time permanent	\$19,867	\$22,169	\$15,340	(\$6,829)
11.31	Full-time temporary	417	0	0	0
11.3A	Part-time	69	0	0	0
11.33	Consultants	96	0	0	0
11.5	Overtime	19	48	20	(28)
11.5	Awards	134	225	260	35
11.8	Other Compensation	5	0	0	0
	Compensation subtotal	20,607	22,442	15,620	(6,822)
12.0	Benefits	4,082	4,893	3,525	(1,368)
13.1	Benefits for former personnel	1,135	90	0	(90)
	Comp/benefits subtotal	25,824	27,425	19,145	(8,280)
21.0	Travel	1,785	1,382	883	(499)
22.0	Transportation of things	1	1	0	(1)
23.1	Rental payments to GSA	2,852	2,982	2,271	(711)
23.3	Communications	25	45	80	35
23.31	ADP/Telecom Rentals & Misc	59	165	68	(97)
23.33	Postage/fees	945	1,280	1,450	170
	Subtotal 23	3,881	4,472	3,869	(603)
24.0	Printing & Reproduction	1,303	2,202	894	(1,308)
25.1	Advisory & assistance srvs	0	0	0	0
25.2	Other Services	460	1,850	935	(915)
25.22	ADP Processing Srvs/Contr	33,030	22,074	3,274	(18,800)
25.23	Training/Tuition/Fees/Contr	86	434	200	(234)
25.25	Field readers	0	0	0	0
25.27	Equip Repair & Maint	17	261	10	(251)
25.3	Purch Goods/Svcs-Gov	1,854	1,592	735	(857)
25.33	Bldg. Alterations	0	0	0	0
25.4	GOCO's	44	0	0	0
25.5	Research & Development	0	0	0	0
	Subtotal 25	35,491	26,211	5,154	(21,057)
26.0	Supplies	303	223	118	(105)
31.2	Other Equipment & furniture	80	37	3	(34)
31.4	ADP Equipment	1,246	238	0	(238)
43.1	Interest and dividends	3	0	0	0
	Total Obligations	69,917	62,191	30,066	(32,125)

FEDERAL FAMILY EDUCATION LOAN PROGRAM ACCOUNT

Summary of Changes
(\$ in 000s)

1995	\$62,191
1996	<u>30,066</u>
Net change	-32,125

	<u>1995 base</u>	<u>Change from base</u>
<u>Increases:</u>		
<u>Built-in:</u>		
Increase in personnel compensation for annualization of 1995 3.22 percent pay raise; proposed 1995 pay increases; within-grade increases for GS employees; career-ladder promotions and one more paid day in 1996	\$22,169	+\$841
Increase in benefits for the Government's share of health, retirement, and other benefits	4,893	+395
Increase in GSA rental payments due to rate increase for current space holdings	2,982	+238
Increase in postage due to annualization of the January 1995 rate increase	1,280	+170
<u>Program:</u>		
Increase in employee awards as incentives for reinvention successes, performing additional work with decreasing staff, and exceeding standards for customer service, monitoring, and default collections	225	<u>+35</u>
Subtotal, increases		+1,679
<u>Decreases:</u>		
<u>Built-in:</u>		
Decrease in severance pay due to the expiration of "buyout" incentive authority under the "Federal Workforce Restructuring Act of 1994"	90	-90

FEDERAL FAMILY EDUCATION LOAN PROGRAM ACCOUNT

Summary of Changes - continued
(\$ in 000s)

	<u>1995 base</u>	<u>Change from base</u>
<u>Decreases:</u>		
<u>Program:</u>		
Decrease in personnel compensation and benefits for the reduction of 165 FTE (about 40 percent of FTE will be allocated to transition to Direct Loans)	\$27,152	-\$9,433
Decrease in ADP services and contracts charged as transition costs in the Direct Loans account for defaulted loan collection, the central student aid processing contract, and the National Student Loan Data System	22,074	-18,800
Decrease in costs such as printing, non-ADP contracts, and equipment repair covered as transition expenses	4,313	-2,474
Decrease in GSA rental payments due to 1996 FTE reductions	2,982	-949
Decrease in payments to other agencies for services due to 1996 FTE reductions	1,592	-857
Decrease in travel due to 1996 FTE reductions	1,382	-499
Decrease in ADP and non-ADP equipment (\$272,000), staff training and over-time (\$262,000), transportation and supplies (\$106,000), and telecommunications (\$62,000) due to 1996 FTE reductions	1,143	<u>-702</u>
Subtotal, decreases		-33,804
Net change		-32,125

FEDERAL FAMILY EDUCATION LOAN PROGRAM ACCOUNT

Authorizing Legislation

Activity	1995 Authorized	1995 Estimate	1996 Authorized	1996 Request
Federal administration (Federal Credit Reform Act of 1990, section 505(e))	Indefinite	<u>\$62,191,000</u>	Indefinite	<u>\$30,066,000</u>
Total definite authorization	-----		-----	
Total appropriation		62,191,000		30,066,000

FEDERAL FAMILY EDUCATION LOAN PROGRAM ACCOUNT

Table of Estimates and Appropriations
(\$ in 000s)

	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1992 Mandatory	\$2,820,247	\$2,907,765	\$2,907,765	\$2,608,132
1992 Discretionary	46,433	45,933	39,439	643,870
1993 Mandatory	2,773,275	2,773,275	2,773,275	2,709,750
1993 Discretionary	65,000	64,350	60,324	60,487
1994 Discretionary	72,466	72,466	72,466	69,966
1995 Discretionary	64,191	62,191	62,191	62,191
1996 Discretionary	30,066			

NOTE: For FY 1992 and 1993, mandatory program costs for new loan subsidies and mandatory administrative expenses were classified as current indefinite authority. Beginning in FY 1994, these costs are classified as permanent authority and as such do not require congressional appropriations action.

FEDERAL FAMILY EDUCATION LOANS PROGRAM ACCOUNT

Federal administration

(Federal Credit Reform Act of 1990, section 505(e))

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

	<u>1995</u>	<u>1996</u>	<u>Change</u>
Personnel costs	\$27,425	\$19,145	-\$8,280
Non-personnel costs	<u>34,766</u>	<u>10,921</u>	<u>-23,845</u>
Total	62,191	30,066	-32,125
FTE	495	330	-165

PURPOSE AND METHOD OF OPERATION

Funds in this discretionary account pay many of the Federal costs of administering new loans under the Federal Family Education Loan (FFEL) program. Other Federal administration costs for both new and old FFEL loans are paid under the broad authority of the separate administrative account to implement the transition to Direct Loans (HEA, section 458). The principal activities of the Federal staff under this account—which will decrease from 495 to 330 in 1996—are processing payments and claims from lenders and guaranty agencies; managing defaulted loan collections; developing and implementing initiatives to reduce loan default costs, such as working with the Internal Revenue Service; and program monitoring, including lender and guaranty agency oversight and financial management reviews.

Federal administration costs include paying staff salaries and benefits and the cost of other administrative activities, such as travel, rent, payroll processing and other common support services attributable to the Federal Family Education Loan program. Other major non-personnel costs are for contracts for claims processing, data services, and debt collections.

Funding levels for the past 5 years were as follows:

	(\$ in 000s) ¹
1991.....	0
1992.....	\$43,870
1993.....	\$60,487
1994.....	\$69,966
1995.....	\$62,191

¹ Prior to 1992, funds were provided in the Program Administration account.

FEDERAL FAMILY EDUCATION LOANS PROGRAM ACCOUNT**Federal administration**

1996 BUDGET REQUEST

The FFEL program will continue to have significant but decreasing levels of administrative costs during the period in which the Department phases in the William D. Ford Direct Loan program. The 1996 budget proposes an accelerated phase in, moving from 40 percent of new loan volume in 1995, to a proposed 80 percent of the estimated \$30 billion new student loan volume in the 1996-97 award year. Reflecting this accelerated phase in schedule, the budget request is less than half the FY 1995 appropriation, as staff and other expenses are reduced in this separate account. Instead the expenses will be paid under the administrative account established for the transition to Direct Loans. The FTE and costs of the FFEL account will continue to decrease in the out years as Direct Loans are fully implemented.

The major part of the costs of service and systems contracts for tracking and assisting with collections of defaulted student loans will be financed in the Direct Loans account. Previously, contracts such as the General Electronic Support System, Student Financial Aid Information Center, National Student Loan Data System, and the Title IV central processing contracts were financed partially from FFEL Federal Administration funds. Most of the decrease of \$32.1 million for FFEL Federal administration for 1996 reflects payment by the Direct Loans account of these contract costs.

For presentation purposes, a more detailed discussion of Federal administrative costs and FTE financed by the FFEL Program account is included in the Student Loans Overview justification.

Department of Education

HIGHER EDUCATION

Fiscal Year 1996 Budget Request

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For carrying out, to the extent not otherwise provided, titles I, III, IV, [including chapter 2 of subpart 2 of part A,]¹ V, VI, VII, IX, [VIII,]² part A[, and subpart 1 of part B[, and part D]³ of title X, and XI, without regard to section 1151,⁴ of the Higher Education Act of 1965, as amended; the Mutual Educational and Cultural Exchange Act of 1961; part A of title VI⁵[, including part C,]⁶ of the Excellence in Mathematics, Science and Engineering Education Act of 1990; section 1521 of the Higher Education Amendments of 1986 as amended by Public Law 103-239, to be administered by the Secretary of Education;⁷ part E of title XV of the Higher Education Amendments of 1992,⁸ and Public Law 102-423,⁹ \$962,842,000] \$931,511,000, of which \$8,060,000 for endowment activities under section 331 of part C of title III and [\$17,512,000] \$16,712,000 for interest subsidies under title VII of the Higher Education Act, as amended, [and \$4,000,000 for Public Law 102-423]¹⁰ shall remain available until expended¹¹ [, and \$1,000,000 of the amount provided herein for title III shall be available for an evaluation of the title III programs]¹²; Provided, That \$4,424,000 shall be available for National Science Scholars as authorized prior to October 20, 1994.¹³ (*Department of Education Appropriations Act, 1995.*)

NOTES

This language supports the budget proposal without accounting for the Administration's Reinventing Government (REGO) legislation; i.e., this language does not reflect the proposed reduction of Strengthening Institutions or the elimination of the non-HBCU portion of the Endowment Grant program, Innovative Projects for Community Service, Urban Community Service, National Science Scholars, Douglas Teacher Scholarships, Harris Fellowships, Javits Fellowships, and Legal Training for the Disadvantaged.

Each language provision that is followed by a footnote reference is explained in the Analysis of Language Provisions and Changes document which follows the appropriation language.

(Rescission proposal)

HIGHER EDUCATION

Of the funds made available under this heading in Public Law 103-333, \$26,903,000 are rescinded as follows: from the Higher Education Act, \$3,108,000 for chapter 2, of subpart 2, of part A of title IV, \$1,875,000 for subpart 3, part C of title V, \$14,920,000 for part G of title IX, and \$4,000,000 for part D of title X; \$2,000,000 for part C of title VI of the Excellence in Mathematics, Science and Engineering Education Act of 1990; and \$1,000,000 for part E of title XV of the Higher Education Amendments of 1992.

HIGHER EDUCATION

Analysis of Language Provisions and Changes

Language Provision	Explanation
¹ For carrying out, to the extent not otherwise provided, titles I, III, IV, [including chapter 2 of subpart 2 of part A,]...	This citation is deleted because funds are not requested for the National Early Intervention Scholarships and Partnerships program.
² ...[VIII]...	This citation is deleted because funds are not requested for the Cooperative Education program.
³ ...[, and part D]...	This citation is deleted because funds are not requested for the Eisenhower Leadership program.
⁴ ...without regard to section 1151...	This language allows funds appropriated for part B of title XI to be distributed without regard to the statutory requirement that not more than one-third of such sums must go to Innovative Projects for Community Service and that not less than two-thirds of such sums must be used for the Student Literacy and Mentoring Corps.
⁵ ... <u>part A of</u> title VI...of the Excellence in Mathematics, Science and Engineering Education Act of 1990...	This language specifies that funds available for the Excellence in Mathematics, Science and Engineering Education Act of 1990 (EMSEEA) shall be available only for the National Science Scholars program. The EMSEEA was repealed by the Improving America's Schools Act (P.L. 103-382), which was signed into law on October 20, 1994. Under the Administration's Reinventing Government (REGO) legislation, however, funding would be eliminated and the citation would not be required.
⁶ ...[, including part C,]...	This citation is deleted because funds are not requested for the National Academy of Science, Space, and Technology.

HIGHER EDUCATION

Analysis of Language Provisions and Changes – Continued

Language Provision	Explanation
⁷ ...[; section 1521 of the Higher Education Amendments of 1986 as amended by Public Law 103-239, to be administered by the Secretary of Education;...]	This citation is deleted because funds are not requested for the Native Hawaiian and Alaska Native Culture and Arts Development program.
⁸ [...part E of title XV of the Higher Education Amendments of 1992;...]	This citation is deleted because funds are not requested for the Olympic Scholarships program.
⁹ [...Public Law 102-423...]	This citation is deleted because funds are not requested for the Mary McLeod Bethune Memorial Fine Arts Center.
¹⁰ ...[and \$4,000,000 for Public Law 102-423]...	This language earmarks a specific amount for the Mary McLeod Bethune Memorial Fine Arts Center; the language is deleted because funds are not requested for this program.
¹¹ ...of which \$8,060,000 for endowment activities under section 331 of part C of title III and [\$17,512,000] <u>\$16,712,000</u> for interest subsidies under title VII of the Higher Education Act, as amended, [and \$4,000,000 for Public Law 102-423] shall remain available until expended...	This language provides that funds for title III Endowment Challenge Grants, Interest Subsidy Grants and the Mary McLeod Bethune Memorial Fine Arts Center shall remain available for obligation until expended.
¹² ...[, and \$1,000,000 of the amount provided herein for title III shall be available for an evaluation of the title III programs]...	This language is deleted because no additional funds are needed to complete the evaluation of the title III, Aid for Institutional Development, programs.

HIGHER EDUCATION

Analysis of Language Provisions and Changes -- Continued

¹³ ...Provided. That \$4,424,000 shall be available for National Science Scholars as authorized prior to October 20, 1994.

This language is needed because the authorization for the National Science Scholars program was repealed by the Improving America's Schools Act (P.L. 103-382), which was signed into law on October 20, 1994. Under the Administration's Reinventing Government (REGO) legislation, however, funding would be eliminated and the citation would not be required.

HIGHER EDUCATION

Amounts Available for Obligation
(\$ in 000s)

	1994	1995	1996
<u>Current authority:</u>			
Annual appropriation	\$893,688	\$962,842	\$931,511
Proposed REGO savings	0	0	-110,739
Proposed rescission	<u>0</u>	<u>-26,903</u>	<u>0</u>
Subtotal, gross budget authority	893,688	935,939	820,772
Recovery of prior-year obligations	4,263	0	0
Unobligated balance, start of year	17,020	19,864	4,131
Unobligated balance, end of year	-19,864	-4,131	-4,131
Unobligated balance expiring	<u>-113</u>	<u>0</u>	<u>0</u>
Total obligations	894,994	951,672	820,772

HIGHER EDUCATION

Obligations by Object
(\$ in 000s)

	1994	1995	1995 Revised	1996
Travel and transportation of persons	\$3	0	0	0
Communications, utilities, and miscellaneous charges	3,074	0	0	0
Advisory and assistance services	2,212	\$735	\$735	\$757
Other services:				
Peer review	1,381	1,784	1,717	401
Other services	<u>2,950</u>	<u>1,343</u>	<u>1,305</u>	<u>2,820</u>
Subtotal, other services	4,331	3,127	3,022	3,221
Purchase of goods and services from Government accounts	1	0	0	0
Grants, subsidies, and contributions	<u>885,373</u>	<u>974,713</u>	<u>947,915</u>	<u>816,794</u>
Total	894,994	978,575	951,672	820,772

Note—Amounts shown in 1995 and 1996 for advisory and assistance services reflect estimates of contracts that may be classified as such services; these amounts may change once the funds are obligated.

HIGHER EDUCATION

Summary of Changes
(\$ in 000s)

1995	\$962,842
1995 Rescission	<u>-26,903</u>
Total estimated budget authority	935,939
1996	<u>820,772</u>
Net change	-115,167

	<u>1995 base</u>	<u>Change from base</u>
<u>Increases:</u>		
<u>Program:</u>		
Increase in Minority Teacher Recruitment program to support a total of 15 awards in 1996	\$2,458	+\$542
Increase in Byrd Honors Scholarships to support a new cohort of first-year student in 1996 and to continue support for 1993, 1994, and 1995 cohorts of students	<u>29,117</u>	<u>+9,000</u>
Subtotal, increases		+9,542
<u>Decreases:</u>		
<u>Program:</u>		
Phase-out Strengthening Institutions under Aid for Institutional Development to provide savings as part of the Administration's Reinventing Government (REGO) proposal	80,000	-40,000
Eliminate the non-HBCU portion of the Endowment Challenge Grant program to provide a savings as part of the Administration's REGO proposal	6,045	-6,045
Eliminate funding for Title III evaluation which will be completed using fiscal year 1995 funds	1,000	-1,000

HIGHER EDUCATION

Summary of Changes -- Continued
(\$ in 000s)

	<u>1995 base</u>	<u>Change from base</u>
<u>Decreases:</u>		
<u>Program:</u>		
Eliminate funding for the Native Hawaiian and Alaska Native Culture and Arts Development program because support for the preservation of Native Hawaiian and Alaska Native art and culture has been, and is more properly provided by, non-Federal sources	\$1,000	-\$1,000
Eliminate the Innovative Projects for Community Service program to provide savings as part of the Administration's REGO proposal	1,423	-1,423
Eliminate funding for the Cooperative Education program which has already achieved its purpose of encouraging and demonstrating the concept of the cooperative work-learning experience	6,927	-6,927
Eliminate the Urban Community Service program to provide savings as part of the Administration's REGO proposal	13,000	-13,000
Eliminate funding for the Student Financial Aid Database and Information Line feasibility study, which will be completed using fiscal year 1994 and 1995 funds	496	-496
Decrease in funding for the Interest Subsidy Grants program to reflect the current level of mandatory payments	17,512	-800
Eliminate funding for the Mary McLeod Bethune Memorial Fine Arts Center because the Administration does not believe that providing a noncompetitive award to this institution is a proper role for the Federal Government	4,000	-4,000
Eliminate the National Science Scholars program to provide savings as part of the Administration's REGO proposal	4,424	-4,424

HIGHER EDUCATION

Summary of Changes -- Continued
(\$ in 000s)

	<u>1995 base</u>	<u>Change from base</u>
<u>Decreases:</u>		
<u>Program:</u>		
Eliminate the Douglas Teacher Scholarships program to provide savings as part of the Administration's REGO proposal	\$14,599	-\$14,599
Eliminate the Harris fellowships program to provide savings as part of the Administration's REGO proposal	20,244	-20,244
Eliminate the Javits fellowships program to provide savings as part of the Administration's REGO proposal	7,787	-7,787
Eliminate the Legal Training for the Disadvantaged program to provide savings as part of the Administration's REGO proposal	<u>2,964</u>	<u>-2,964</u>
Subtotal, decreases		-124,709
Net change		-115,167

HIGHER EDUCATION
Authorizing Legislation

Activity	1995 Authorized	1995 Estimate	1996 Authorized	1996 Request
Aid for institutional development:				
Strengthening institutions (HEA-III-A)	Indefinite	\$80,000,000	Indefinite	\$40,000,000
Strengthening HSIs (HEA-III-A-316)	Indefinite ¹	12,000,000	Indefinite ¹	12,000,000
Strengthening HBCUs (HEA-III-B)	Indefinite	108,990,000	Indefinite	108,990,000
Strengthening historically black graduate institutions (HEA-III-B-326)	Indefinite	19,606,000	Indefinite	19,606,000
Endowment challenge grants (HEA-III-C-331)	Indefinite ²	8,060,000	Indefinite ²	2,015,000 ³
Evaluation	--- ⁴	1,000,000	0	0
Program development:				
Fund for the Improvement of Postsecondary Education (HEA-X-A)	Indefinite	17,543,000	Indefinite	17,543,000
Native Hawaiian and Alaska Native culture and arts development (P.L. 99-489, XV-B)	Indefinite	1,000,000	Indefinite	0
Eisenhower leadership program (HEA-X-D)	Indefinite	0 ⁵	Indefinite	0
Minority teacher recruitment (HEA-V-E-2)	Indefinite ⁶	2,458,000	Indefinite ⁶	3,000,000
Minority science improvement (HEA-X-B-1)	Indefinite ⁷	5,839,000	Indefinite ⁷	5,839,000
Innovative projects for community service (HEA-XI-B-1)	Indefinite ⁸	1,423,000	Indefinite ⁸	0
International education and foreign language studies:				
Domestic programs (HEA-VI)	Indefinite	52,283,000	Indefinite	52,283,000
Overseas programs (MECEA-102-(b)(6))	Indefinite	5,790,000	Indefinite	5,790,000
Institute for International Public Policy (HEA-VI-C)	Indefinite	1,000,000	Indefinite	1,000,000
Cooperative education (HEA-VIII)	Indefinite	6,927,000	Indefinite	0
Law school clinical experience (HEA-IX-G)	Indefinite	0 ⁹	Indefinite	0
Urban community service (HEA-XI-A)	Indefinite	13,000,000	Indefinite	0
Student financial aid database and information line (HEA-IV-A-2-5)	Indefinite	496,000	Indefinite	0

HIGHER EDUCATION

Authorizing Legislation -- Continued

Activity	1995 Authorized	1995 Estimate	1996 Authorized	1996 Request
Interest subsidy grants (HEA-VII-702)	Indefinite ¹⁰	\$17,512,000	Indefinite ¹⁰	\$16,712,000
Special grants:				
Mary McLeod Bethune Memorial Fine Arts Center (P.L. 102-423)	\$15,700,000	4,000,000	\$11,700,000	0
Aid to Students:				
Federal TRIO programs (HEA-IV-A-2-1)	Indefinite	463,000,000	Indefinite	463,000,000
National early intervention scholarships and partnerships (HEA-IV-A-2-2)	Indefinite ¹¹	0 ¹²	Indefinite ¹¹	0
Scholarships:				
Byrd honors scholarships (HEA-IV-A-6)	Indefinite	29,117,000	Indefinite	38,117,000
National science scholars (EMSEEA-VI-A)	Indefinite	4,424,000	0	0
National Academy of Science, Space, and Technology (EMSEEA-VI-C)	Indefinite	0 ¹³	0	0
Douglas teacher scholarships (HEA-V-C-1)	Indefinite	14,599,000	Indefinite	0
Olympic scholarships				
(P.L. 102-325, XV-E)	Indefinite	0 ¹⁴	Indefinite	0
Teacher corps (HEA-V-C-3)	Indefinite	0 ¹⁵	Indefinite	0
Graduate fellowships:				
Harris fellowships (HEA-IX-B)	Indefinite	20,244,000	Indefinite	0
Javits fellowships (HEA-IX-C)	Indefinite	7,787,000	Indefinite	0
Graduate assistance in areas of national need (HEA-IX-D)	Indefinite	27,252,000	Indefinite	27,252,000
Faculty development fellowships (HEA-IX-E)	Indefinite	3,732,000	Indefinite	3,732,000
School, college and university partnerships (HEA-I-A)	Indefinite	3,893,000	Indefinite	3,893,000
Legal training for the disadvantaged (HEA-IX-F)	Indefinite	2,964,000	Indefinite	0

HIGHER EDUCATION

Authorizing Legislation -- Continued

Activity	1995 Authorized	1995 Estimate	1996 Authorized	1996 Request
<u>Unfunded authorizations:</u>				
Articulation agreements (HEA-I-B)	Indefinite	0	Indefinite	0
Model program community partnership and counseling grants (HEA-IV-A-2-4)	Indefinite	0	Indefinite	0
Work college (HEA-IV-C-448)	Indefinite	0	Indefinite	0
New teaching recruitment (HEA-V-E-1)	Indefinite	0	Indefinite	0
Demonstration grants for critical language and area studies (HEA-V-F-2-586)	Indefinite	0	Indefinite	0
Development of foreign languages and culture instructional materials (HEA-V-F-2-587)	Indefinite	0	Indefinite	0
Faculty development grants (HEA-V-F-4)	Indefinite	0	Indefinite	0
Intensive summer language institutes (HEA-VI-605)	Indefinite	0	Indefinite	0
Foreign periodicals program (HEA-VI-607)	Indefinite	0	Indefinite	0
Improvement of academic and library facilities (HEA-VII-A-712)	Indefinite	0	Indefinite	0
Women and minority participation in graduate education (HEA-IX-A)	Indefinite	0	Indefinite	0
Science and engineering access (HEA-X-B-2)	Indefinite ⁷	0	Indefinite ⁷	0
Women and minorities science and engineering outreach demonstration program (HEA-X-C)	Indefinite	0	Indefinite	0
Grants to States for workplace and community transition training for incarcerated youth offenders (HEA-X-E)	Indefinite	0	Indefinite	0
Student literacy and mentoring corps (HEA-XI-B-2)	Indefinite ^a	0	Indefinite ^a	0
National clearinghouse for postsecondary education materials (P.L. 102-325, XV-B)	Indefinite	0	Indefinite	0
Grants for sexual offenses education (P.L. 102-325, XV-D)	Indefinite	0	Indefinite	0

HIGHER EDUCATION

Authorizing Legislation -- Continued

Activity	1995 Authorized	1995 Estimate	1996 Authorized	1996 Request
Unfunded authorizations -- Continued:				
Advanced placement fee payment program (P.L. 102-325, XV-G)	Indefinite	0	Indefinite	0
Total definite authorization	\$15,700,000		\$11,700,000	
Total appropriation		\$935,939,000		\$820,772,000

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¹ No funds are authorized to be appropriated to carry out aid to Hispanic-serving Institutions unless the amount appropriated for Part A Strengthening Institutions is at least \$80 million.

² Of the total amount appropriated for Part C, at least 25 percent must be awarded to Historically Black Colleges and Universities (HBCUs) unless there is an insufficient number of acceptable applications.

³ Of the amount requested for Part C, all funds would be awarded to Historically Black Colleges and Universities.

⁴ For fiscal year 1995, \$1 million was authorized in the appropriations language.

⁵ Reflects a proposed rescission of \$4 million.

⁶ Of the amount appropriated, not more than two-thirds shall be available for partnership grants, and not less than one-third shall be available for teacher placement grants.

⁷ For any fiscal year, funds appropriated for HEA, Title X, Part B are to be allocated as follows: 50 percent for Subpart 1, 33.33 percent for Subpart 2, and 16.67 percent for Subpart 3.

⁸ Of the total amount appropriated for HEA, Title XI, Part B, at least two-thirds must be made available for Subpart 2 activities.

⁹ Reflects a proposed rescission of \$14.92 million.

¹⁰ The statute provides for "such sums as necessary" to fulfill ongoing Federal commitments made in prior years.

¹¹ No funds may be expended for "such sums as necessary" to fulfill ongoing Federal commitments made in prior years.

¹² Reflects a proposed rescission of \$3.108 million.

¹³ Reflects a proposed rescission of \$2 million.

¹⁴ Reflects a proposed rescission of \$1 million.

¹⁵ Reflects a proposed rescission of \$1.875 million.

HIGHER EDUCATION

Table of Estimates and Appropriations
(\$ in 000s)

	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1987	\$261,578	\$29,500	\$454,428	\$479,128
1987 Rescission	-203,050	---	---	---
1987 Supplemental	---	2,607	---	3,300
1988	176,111	584,450	512,448	534,471
1989	450,195	577,368	553,508	565,729
1990	550,037	634,976	620,711	632,736
1990 Sequester				-8,205
1991	657,648	763,616	785,592	762,638
1991 Supplemental	---	---	---	8,000
1991 Sequester				-10
1992	794,501	821,438	834,557	827,903
1993	853,481	831,408	851,245	837,759
1994	873,421	889,855	882,974	893,688
1995	889,489	954,686	946,703	962,842
1995 Rescission	-26,903			
1996	820,772			

HIGHER EDUCATION

Significant Items in FY 1995 Appropriations ReportsLaw School Clinical Experience Related to Environmental Law

- Senate: The Committee directs the Secretary to give competitive priority in making new awards to applicants proposing to establish or expand law school clinical activities related to environmental law, such as the new program at Syracuse University College of Law.
- Conference: The conferees are also agreed that the Secretary should continue the current policy within the law school clinical experience program of giving priority to applications that emphasize services to indigent and under-served populations.
- Response: The Administration has proposed that funds appropriated in fiscal year 1995 for the Law School Clinical Experience program be rescinded, because the Law School Clinical Experience programs are more appropriately funded through non-Federal resources.

Early Intervention Scholarships and Partnerships

- House: The Committee urges the Department to move forward on its commitment, made during the hearings on the fiscal year 1995 budget, to develop a comprehensive strategy for addressing the needs of at-risk teens and encourages the Department to consider this program for inclusion in its planned initiative.
- Response: The Administration has proposed that funds appropriated in fiscal year 1995 for the National Early Intervention Scholarships and Partnerships (NEISP) program be rescinded, because NEISP duplicates the Federal TRIO programs, which provide support to low-income disadvantaged individuals to pursue and complete college. While the Administration agrees the NEISP may provide a promising model for forging new Federal-State partnerships, the current tight budget environment precludes investment in a new, unproven program.

HIGHER EDUCATION

Summary of Request
(\$ in 000s)

	1995	1995 Revised	1996	Change from 1995 Revised
Aid for institutional development:				
Strengthening institutions	\$80,000	\$80,000	\$40,000	-\$40,000
Hispanic-serving institutions	12,000	12,000	12,000	0
Strengthening HBCUs	108,990	108,990	108,990	0
Strengthening historically black graduate institutions	19,606	19,606	19,606	0
Endowment challenge grants:				
Endowment grants	6,045	6,045	0	-6,045
HBCU set-aside	<u>2,015</u>	<u>2,015</u>	<u>2,015</u>	<u>0</u>
Subtotal, endowment challenge grants	<u>8,060</u>	<u>8,060</u>	<u>2,015</u>	<u>-6,045</u>
Evaluation	<u>1,000</u>	<u>1,000</u>	<u>0</u>	<u>-1,000</u>
Subtotal, Title III	229,656	229,656	182,611	-47,045
Program development:				
Fund for the Improvement of Postsecondary Education	17,543 ¹	17,543 ¹	17,543	0
Native Hawaiian and Alaska Native culture and arts development	1,000	1,000	0	-1,000
Eisenhower leadership program	4,000	0	0	0
Minority teacher recruitment	2,458	2,458	3,000	+542
Minority science improvement	5,839	5,839	5,839	0
Innovative projects for community service	1,423	1,423	0	-1,423

HIGHER EDUCATION

Summary of Request -- Continued (\$ in 000s)

	1995	1995 Revised	1996	Change from 1995 Revised
International education and foreign language studies:				
Domestic programs	\$52,283	\$52,283	\$52,283	0
Overseas programs	5,790	5,790	5,790	0
Institute for International Public Policy	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>0</u>
Subtotal, International Education	59,073	59,073	59,073	0
Cooperative education	6,927	6,927	0	-\$6,927
Law school clinical experience	14,920	0	0	0
Urban community service	13,000	13,000	0	-13,000
Student financial aid database and information line	496	496	0	-496
Interest subsidy grants	17,512	17,512	16,712	-800
Special grants:				
Mary McLeod Bethune Memorial Fine Arts Center	4,000	4,000	0	-4,000
Aid to students:				
Federal TRIO programs	463,000	463,000	463,000	0
National early intervention scholarships and partnerships	3,108	0	0	0

HIGHER EDUCATION

Summary of Request -- Continued
(\$ in 000s)

	1995	1995 Revised	1996	Change from 1995 Revised
Scholarships:				
Byrd honors scholarships	\$29,117	\$29,117	\$38,117	+\$9,000
National science scholars	4,424	4,424	0	-4,424
National Academy of Science, Space, and Technology	2,000	0	0	0
Douglas teacher scholarships	14,599	14,599	0	-14,599
Olympic scholarships	1,000	0	0	0
Teacher corps	1,875	0	0	0
Subtotal, Scholarships	53,015	48,140	38,117	-10,023
Graduate fellowships:				
Harris fellowships	20,244	20,244	0	-20,244
Javits fellowships	7,787	7,787	0	-7,787
Graduate assistance in areas of national need	27,252	27,252	27,252	0
Faculty development fellowships	3,732	3,732	3,732	0
Subtotal, Fellowships	59,015	59,015	30,984	-28,031
School, college and university partnerships	3,893	3,893	3,893	0
Legal training for the disadvantaged	2,964	2,964	0	-2,964
Total	962,842	935,939	820,772	-115,167

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¹ Includes \$1 million for demonstration grants for critical language and area studies, authorized under HEA, Title V, Section 586.

HIGHER EDUCATION

Summary of Request – Continued

The 1996 proposals for the Higher Education programs contribute directly to accomplishment of the Department of Education's mission "to ensure equal access to education and to promote educational excellence throughout the Nation." The Higher Education programs also help develop a skilled, diverse, and technically sophisticated workforce within the United States.

Development of the Higher Education proposals was guided by the need to provide savings as part of the Administration's Reinventing Government initiative and the Administration's desire to streamline services. Our 1996 request for the Higher Education programs is, therefore, \$820.8 million, a decrease of \$142.1 million compared with the 1995 appropriation level, and a decrease of \$115.2 million compared with the 1995 revised request.

Each year, the Federal Government invests billions of dollars in student grants and loans to remove financial barriers to access to postsecondary education. The Higher Education programs complement this assistance by providing a range of more narrowly targeted institutional support activities that address the cultural and educational barriers to full participation in quality postsecondary education. More specifically, the 1996 Higher Education proposals:

- Improve access to postsecondary education by supporting early intervention to identify and assist at-risk students, and by encouraging talented high school students to continue their studies at the postsecondary level.
- Promote excellence in America's postsecondary institutions, particularly those that enroll large numbers of minority or disadvantaged students, by supporting improvement of the quality of programs and the faculty of such schools.
- Support study in areas of national need by supporting study in foreign languages and area studies and other disciplines identified as areas of high priority. Rapid advances in technology and increasing international economic competition both contribute to the need for increased Federal leadership in education to ensure that the United States will have the technologically sophisticated workforce it will need to compete in the 21st century.

Finally, the development of the 1996 Higher Education budget was guided by the need to reassess the Federal role in many of the Higher Education programs. The National Performance Review determined that there is a significant need to create "a Government that works better and costs less." It recommended the elimination of programs that duplicate other programs, have already fulfilled their purpose, or are more appropriately funded through non-Federal sources. These recommendations guided the Administration in its decision to request rescissions in 1995 for 6 programs, phase out funding in 1 program beginning in 1996, and eliminate 12 additional programs in 1996.

HIGHER EDUCATION

Aid for Institutional Development

(Higher Education Act of 1965, Title III)

1996 Authorization (\$ in 000s): Indefinite ^{1,2}

Budget Authority (\$ in 000s):

	<u>1995</u>	<u>1996</u>	<u>Change</u>
Strengthening institutions	\$80,000	\$40,000	-\$40,000
Hispanic-serving institutions	12,000	12,000	0
Strengthening HBCUs	108,990	108,990	0
Strengthening historically black graduate institutions	19,606	19,606	0
Endowment challenge grants:			
Endowment grants	6,045	0	-6,045
HBCU set-aside	<u>2,015</u>	<u>2,015</u>	<u>0</u>
Subtotal	<u>8,060</u>	<u>2,015</u>	<u>-6,045</u>
Evaluation	<u>1,000</u>	<u>0</u>	<u>-1,000</u>
Total	229,656	182,611	-47,045

¹ No funds are authorized to be appropriated to carry out aid to Hispanic Serving Institutions unless the amount appropriated for Part A Strengthening Institutions is at least \$80 million.

² Of the total amount appropriated for Part C, at least 25 percent must be awarded to Historically Black Colleges and Universities (HBCUs) unless there are an insufficient number of acceptable applications.

PURPOSE AND METHOD OF OPERATION

The Aid for Institutional Development programs (commonly referred to as the Title III programs) support improvements in educational quality and opportunities for minorities and the disadvantaged. Funding is focused on institutions that enroll large proportions of financially disadvantaged students and that have below-average per-student expenditures. The programs provide financial assistance to enable institutions to solve problems that threaten their ability to survive, to stabilize their management and fiscal operations, and to build endowments. An important objective of these programs is to help participating institutions improve their academic programs and management and become financially independent.

From its inception, one of the primary missions of the Title III programs has been to support the Nation's Historically Black Colleges and Universities (HBCUs). Nearly all HBCUs have received Title III funds over the past 20 years. The Higher Education Amendments of 1992 authorized additional funding for HBCUs by requiring that 25 percent of Endowment Challenge grant (Part C) funding be set aside for HBCUs.

Funds for Title III programs are available from October 1 to September 30. The Endowment Challenge Grant program, for which funds are available until expended, is the only exception.

HIGHER EDUCATION

Aid for Institutional Development

Strengthening Institutions (Part A) supports competitions for 5-year discretionary development grants. Priority is given to applicants not already receiving a grant. Institutions may use their Part A funds to plan, develop, and implement activities for: faculty and academic program development, funds and administrative management, joint use of libraries and laboratories, acquisition of equipment to be used in strengthening fiscal management and academic programs, and student services.

To participate in the Strengthening Institutions program, an institution must: award a bachelor's degree or be a junior or community college; provide an education program legally authorized by the State in which it is located; and be accredited or be making reasonable progress toward accreditation. An institution must also have low average educational and general expenditures per full-time equivalent undergraduate student and include in its enrollment a significant percentage of financially needy students. The enrollment of needy students criterion may be met if a substantial percentage of the institution's enrolled students are Pell Grant recipients, or if 50 percent of its enrolled students are Title IV need-based aid recipients. Institutions with specified percentage enrollments of certain minority students are also eligible. For example, Hispanic-serving institutions (HSIs) qualify for funding under this program. Special consideration for funding is also given to institutions that have limited endowment funds or low expenditures for library materials.

When the Part A appropriation equals or exceeds \$61 million, 25 percent of the funds in excess of \$61 million must be made available to eligible institutions with over 60 percent minority enrollment.

Strengthening HSIs (Part A, Section 316) authorizes grants and related assistance to enable HSIs to improve and expand their capacity to serve Hispanic and low-income students. The term "Hispanic-serving institution" is defined as an institutions that, at the time of application, has an enrollment of undergraduate full-time equivalent students that is at least 25 percent Hispanic students, of which not less than 50 percent are low-income individuals who are first generation college students, and another 25 percent of its Hispanic students are either low-income individuals or first generation college students. Priority is given to HSIs that work with or have an agreement to work with a local educational agency in reducing Hispanic dropout rates, improving rates of Hispanic academic achievement, and increasing the rates at which Hispanic high school graduates enroll in higher education. By statute, no funds are authorized for this program unless the amount appropriated for Part A Strengthening Institutions is at least \$80 million.

Strengthening HBCUs (Part B) is a formula grant program designed to help HBCUs improve their programs and management and hence, enhance educational opportunities for their students. Part B funds may be used to establish a development office to strengthen contributions; purchase telecommunications equipment; establish or strengthen the physical plant, financial management, and academic resources of HBCUs; and to establish outreach programs to elementary and secondary students. A Part B eligible institution is any accredited, legally authorized HBCU that was established prior to 1964 and whose principal mission was, and is, the education of black Americans. Part B appropriations are allocated among HBCUs

HIGHER EDUCATION

Aid for Institutional Development

based on the number of Pell Grant recipients enrolled, the number of graduates, and the percentage of graduates who are attending graduate or professional school in degree programs in which blacks are underrepresented. The statute provides for a \$500,000 minimum allotment for each eligible institution.

Strengthening Historically Black Graduate Institutions (HBGIs) (Section 326) authorizes 5-year grants to the following 16 postgraduate institutions: Morehouse School of Medicine, Meharry Medical School, Charles R. Drew Postgraduate Medical School, Clark-Atlanta University, Tuskegee Institute of Veterinary Medicine, Xavier University School of Pharmacy, Southern University School of Law, Texas Southern University School of Law and School of Pharmacy, Florida A&M School of Pharmaceutical Sciences, North Carolina Central University School of Law, Morgan State University, Hampton University, Alabama A&M, North Carolina A&T State University, University of Maryland Eastern Shore, and Jackson State University. No grants may be made to the last 11 institutions until the first 5 institutions have received at least \$12 million. No institution or university system may receive more than one grant under Section 326 in any fiscal year. Except for a minimum set-aside of \$3 million for Morehouse School of Medicine (which must be matched dollar-for-dollar), Section 326 grants are limited to \$500,000 unless the institution agrees to match the entire grant. Institutions may use Section 326 grants for any Part B purpose, and to establish an endowment.

Endowment Challenge Grants (Part C) enable eligible institutions to establish or increase institutional endowment funds. In general, 2-year, 4-year, or graduate institutions that are eligible for Part A or B are also eligible for endowment challenge grants. Institutions that have received a Part A or B grant in the past 5 years receive priority. If the appropriation is less than \$15 million, individual grants may not exceed \$500,000 and must be matched by the institution at one institutional dollar for two Federal dollars. However, if the Part C appropriation exceeds \$15 million, endowment challenge grants of \$1 million or more are permitted, and if the Part C appropriation exceeds \$25 million, \$1.5 million grants are permitted. Recipients of grants are prohibited from reapplying for a period of 10 years if the appropriation is less than \$20 million and 5 years if the appropriation exceeds \$20 million. Twenty-five percent of Part C funding must be set aside for HBCUs. The Federal grant and the institution's matching funds (which together make up the endowment corpus) must be invested in low-risk securities such as a federally insured bank savings account or a comparable interest-bearing account, certificate of deposit, money market fund, or mutual fund. For a 20-year period after the grant is awarded, institutions may not spend the endowment corpus, but may spend up to one-half of the interest earned on any institutional expense.

HIGHER EDUCATION

Aid for Institutional Development

Funding levels for the past 5 fiscal years were as follows:

(\$ in 000s)

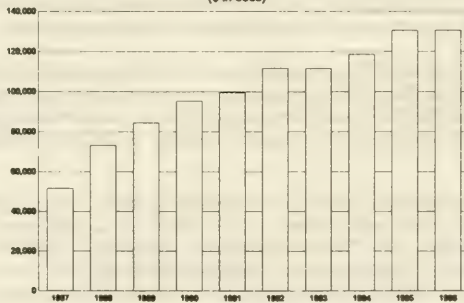
1991	\$204,833
1992	207,042
1993	203,332
1994	212,870
1995	229,656

1996 BUDGET REQUEST

For fiscal year 1996, the Administration is requesting \$182.6 million for Aid for Institutional Development, a decrease of \$47 million from the 1995 appropriation. The fiscal year 1996 request for Title III demonstrates the Administration's commitment to strengthening the Nation's HBCU's—\$130.6 million, or 72 percent of Title III funding in 1996, would support operations, academic improvements, and endowments for these historically and academically significant institutions of higher education that have made significant contributions to promoting educational opportunity for the disadvantaged. The fiscal year 1996 request for HBCUs is \$130.6 million: \$109 million under the Part B formula; \$19.6 million to HBGs under Part B, Section 326, and \$2 million under Part C, Endowment Challenge Grants. The non-HBCU portion of the Endowment Challenge Grant program is proposed for elimination to provide savings as a part of the Administration's Reinventing Government (REGO) proposal. The following table displays a 10-year funding history of total Title III funding to HBCUs since 1987. Funding for HBCUs has increased by 175 percent since 1987.

Title III Funding to HBCUs

(\$ in 000s)



Funding for HBCUs has increased from \$51.7 million in 1987 to \$130.6 million in the 1996 request.

HIGHER EDUCATION

Aid for Institutional Development

Another important group of institutions—the Hispanic-serving institutions—would continue to be supported in fiscal year 1996 under Part A, Section 316. Partly due to the efforts of the Nation's HSIs, Hispanic postsecondary enrollment is on the rise—increasing by over 80 percent since 1980. In 1991, the most recent year for which data are available, HSIs accounted for more than half of all Hispanic students enrolled in 2-year colleges, representing the largest proportion of any minority group enrolled in such institutions.

However, despite encouraging gains, much work still needs to be done to ensure full access to higher education for one of the fastest-growing minority groups. Hispanics are still underrepresented in postsecondary education, and their enrollment rate continues to lag behind that of both black and white students. With only 18 percent enrolled in college, Hispanic 18 to 24 year olds are less likely to enroll in higher education than are black 18 to 24 year olds (23.6 percent of whom were enrolled in 1991) and white 18 to 24 year olds (34.1 percent of whom were enrolled in 1991). The Department's proposed level of support for Hispanic-serving Institutions program would result in awards to an estimated 32 HSIs, 25 percent of all HSIs.

Since HSIs enroll such a large percentage of Hispanics, priority is given to HSIs that enter into collaborative projects with local educational agencies. The Department believes that continued support for these institutions supports the Department's postsecondary education goals and will result in reduced dropout rates, increased enrollment in postsecondary education, improved quality of educational services offered, and improved retention rates for Hispanic students.

For Part A, a 50 percent decrease is requested to provide savings as a part of the Administration's REGO proposal. This is the first year of a proposed 2-year phase-out of the program. Overall, the Administration believes that it can better and more effectively support the general improvement of institutions by increasing the investment in Federal student aid. Each year, institutions receive billions of dollars in Federal subsidies through the tuition they charge to students receiving Federal student aid. These revenues are not restricted and thus may be used for the general purposes of Title III, Part A, which includes, among other things, strengthening the institution's financial management and improving programs.

In addition, in 1994, 72 percent of Part A funding went to publicly supported institutions. The Administration believes that State and local governments are primarily responsible for providing funding for State and local institutions and for overseeing their program development and management. Federal funds should not be used to supplant State funds or efforts for operational purposes.

HBCUs continue to face significant challenges in developing endowment funds that would allow the institutions to become more self-sufficient. In an effort to assist HBCUs in establishing or increasing their endowment funds, The Administration is requesting a total of \$2 million to continue the HBCU portion of the Endowment Challenge Grant program. The non-HBCU portion of the Endowment Challenge Grant program is proposed for elimination to provide savings as a part of the Administration's REGO proposal.

HIGHER EDUCATION

Aid for Institutional Development

IMPACT DATA (\$ in 000s)

	1994	1995	1996
Strengthening institutions:			
Number of new awards	75	36	0
Number of NCC awards	186	180	196
Total award funding	\$88,586	\$80,000	\$40,000
Strengthening HSIs:			
Number of grants	0	32	32
Total grant funding	0	\$12,000	\$12,000
Strengthening HBCUs:			
Number of grants	100	100	100
Total grant funding	\$100,860	\$108,990	\$108,990
Strengthening HBGLs:			
Number of grants	16	16	16
Total grant funding	\$15,859	\$19,606	\$19,606
Endowment challenge grants:			
Number of grants	21	23	15
Total grant funding	\$7,565	\$8,060	\$2,015
Evaluation	0	\$1,000	0
Peer review of applications for new awards	\$225	\$250	0

HIGHER EDUCATION

Fund for the Improvement of Postsecondary Education

(Higher Education Act of 1965, Title X, Part A)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$17,543	\$17,543	0

PURPOSE AND METHOD OF OPERATION

The Fund for the Improvement of Postsecondary Education (FIPSE) supports exemplary, locally developed projects that encourage innovative reform and improvement of postsecondary education. Small discretionary grants or contracts of up to 3 years in duration are awarded competitively to institutions of higher education and other public and private nonprofit institutions and agencies under the following programs:

- Comprehensive Program: This program supports activities that foster improvement in broad aspects of postsecondary education, including: postsecondary education access, retention and completion; student preparation for the workforce; improvement of campus environments; increased learning relative to expenditures; elementary/secondary school and postsecondary institution linkages; curricula reform; faculty development; and adaptation of innovative models to other postsecondary institutions.
- Special Focus Competitions: These competitions fund projects addressing a particular problem area or improvement approach in postsecondary education. Current projects support college/school partnerships to improve learning of essential academic subjects; the development of courses or curricula that link science, social science, and the humanities; U.S./European and U.S./NAFTA student exchange programs; and dissemination of proven educational reforms.

HIGHER EDUCATION

Fund for the Improvement of Postsecondary Education

Funding levels for the past 5 fiscal years were as follows:

	(\$ in 000s)
1991	\$14,639
1992	15,000
1993	15,872 ¹
1994	16,872 ^{2,3}
1995	17,543

¹ Adjusted for comparability. Excludes \$4.96 million for Training in Early Childhood Education and Violence Counseling, which is shown in the School Improvement Program account.

² Adjusted for comparability. Excludes \$500,000 for the Student Financial Aid Database and Information Line, which is included as a separate activity in the Higher Education account.

³ Includes \$700,000 for a study of civilian aviation training and \$1 million for demonstration grants for critical language and area studies.

1996 BUDGET REQUEST

The Department requests \$17.5 million for the FIPSE program, an amount equal to the 1995 appropriation level. This proposal reflects FIPSE's important role in achieving the Department's postsecondary education goals and the National Education Goals:

- The request supports FIPSE's broad mandate to improve the quality of education in the United States, thereby assisting the Nation in achieving the Goal that, by the year 2000, adult Americans will be literate and possess the knowledge and skills necessary to compete in a global economy and exercise the rights and responsibilities of citizenship.
- The request also helps the United States reach the Goal that American students be first in the world in science and mathematics achievement by the year 2000. Projects involving these academic disciplines represent FIPSE's largest topical area. We estimate that approximately one-quarter of the 1996 Comprehensive program awards will be in the areas of mathematics and science.
- Finally, FIPSE funds faculty development projects under the Comprehensive Program. These activities help achieve the National Goal that, by the year 2000, the Nation's teaching force will have access to programs for the continued improvement of their professional skills and the opportunity to acquire the knowledge and skills needed to instruct and prepare all American students for the next century.

HIGHER EDUCATION

Fund for the Improvement of Postsecondary Education

IMPACT DATA (\$ in 000s)

	1994	1995	1996
Comprehensive program:			
Number of new awards	72	75	70
Average new award	\$77	\$75	\$75
Total new award funding	\$5,574	\$5,655	\$5,253
Number of NCC awards	119	119	137
Average NCC award	\$72	\$76	\$77
Total NCC award funding	\$8,550	\$9,098	\$10,480
Special focus programs:			
College/school partnerships:			
Number of awards	4	0	0
Average award	\$79	0	0
Total award funding	\$317	0	0
Science/humanities projects:			
Number of awards	5	0	0
Average award	\$100	0	0
Total award funding	\$500	0	0
U.S./European exchanges:			
Number of awards	6	15	15
Average award	\$25	\$33	\$33
Total award funding	\$149	\$500	\$500
U.S./NAFTA exchanges: ¹			
Number of awards	0	10	10
Average award	0	\$120	\$120
Total award funding	0	\$1,200	\$1,200
Dissemination: ²			
Number of awards	0	12	0
Average award	0	\$83	0
Total award funding	0	\$1,000	0

HIGHER EDUCATION

Fund for the Improvement of Postsecondary Education

IMPACT DATA (\$ in 000s)

	1994	1995	1996
Critical foreign languages: ³			
Number of awards	10	0	0
Average award	\$100	0	0
Total award funding	\$1,000	0	0
Study of civilian aviation training ⁴	\$700	0	0
Peer review of applications for new awards	\$82	\$90	\$110

¹ U.S./NAFTA awards are for 3 years. Funding for all 3 years will be supported by appropriations from the initial year.

² Dissemination awards are expected to be for 2 years. Funding for both years will be supported by appropriations from the initial year.

³ This program is authorized under title V, subpart 2, section 586 of the HEA.

⁴ This program is authorized under title XIV, section 1410 of the Higher Education Amendments of 1992

HIGHER EDUCATION

Native Hawaiian and Alaska Native culture and arts development

(Higher Education Amendments of 1986, Title XV, Part B)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$1,000	0	-\$1,000

PURPOSE AND METHOD OF OPERATION

The Native Hawaiian and Alaska Native Culture and Arts Development program provides grants to Hawaiian and Alaskan organizations or institutions. Eligible entities are private, nonprofit organizations or institutions that have been recognized by the Governor of Hawaii or Alaska and primarily represent and serve the native population. The purposes of the grants are to support: (1) the study of and instruction in Native Hawaiian or Alaska Native art and culture; (2) the establishment of degree-granting programs in Native Hawaiian or Alaska Native art and culture; and (3) the establishment of centers for research in this field.

Funding levels for the past 5 fiscal years are as follows:

	(\$ in 000s)
1991	0
1992	0
1993	0
1994	0
1995	\$1,000

1996 BUDGET REQUEST

The Administration does not propose funding for this program in 1996. Support for the preservation of Native Hawaiian and Alaska Native art and culture has been, and is properly, provided by the State governments of Hawaii and Alaska and tribal governments. In this time of severe budget constraints, the responsibility for providing this support should not be extended to the Federal Government. Organizations in the two States may also be able to receive funds under broader Federal programs (such as those of the National Endowments for the Arts and Humanities) to continue the types of activities initiated under this program.

HIGHER EDUCATION

Native Hawaiian and Alaska Native culture and arts development

IMPACT DATA (\$ in 000s)

	1994	1995	1996
Number of new awards	0	4	0
Average new award	0	\$250	0
Total new award funding	0	\$1,000	0

HIGHER EDUCATION

Eisenhower leadership program

(Higher Education Act of 1965, Title X, Part D)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1995 Revised</u>	<u>1996</u>	<u>Change from 1995 Revised</u>
\$4,000	0	0	0

PURPOSE AND METHOD OF OPERATION

The Eisenhower Leadership program provides grants to institutions of higher education or nonprofit, private organizations or consortia of such institutions. Funds may support activities that: stimulate development of leadership skills among a variety of college students; and recruit and educate outstanding men and women for leadership roles in a variety of fields. Supported activities may include: internships in national and international organizations; and development of curricula for secondary and postsecondary education for teaching critical leadership skills to young Americans.

Funding levels for the past 5 fiscal years were as follows:

	(\$ in 000s)
1991	0 ¹
1992	0 ¹
1993	\$3,472
1994	4,000
1995	4,000

¹ This program was not authorized prior to 1993.**1995 REVISED REQUEST**

Elimination of the Eisenhower Leadership program is consistent with the 1994 report of the National Performance Review, which recommended the termination of any program that has achieved its purpose, duplicates other programs, or should be supported with non-Federal resources.

Support for this program is not an appropriate Federal responsibility since the program is poorly focused and many of the allowable activities under this program duplicate activities that are included in curricula of postsecondary institutions.

HIGHER EDUCATION

Eisenhower leadership program

1996 BUDGET REQUEST

In fiscal year 1996, the Administration proposes to continue its policy to eliminate funding for this program.

IMPACT DATA (\$ in 000s)

	1994	1995	1995 Revised	1996
Number of new awards	15	20	0	0
Average new award	\$116	\$146	0	0
Number of NCC awards	18	7	0	0
Average NCC award	\$124	\$150	0	0
Peer review of applications for new awards	\$28	\$30	0	0

HIGHER EDUCATION

Minority teacher recruitment

(Higher Education Act of 1965, Title V, Part E, Subpart 2)

1996 Authorization (\$ in 000s): Indefinite ¹

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$2,458	\$3,000	+\$542

¹ Of the amount appropriated, not more than two-thirds shall be available for partnership grants, and not less than one-third shall be available for teacher placement grants

PURPOSE AND METHOD OF OPERATION

The Minority Teacher Recruitment program is intended to:

- Improve recruitment and training opportunities in education for minority individuals, including language minority individuals;
- Increase the number of minority teachers, including language minority teachers, in elementary and secondary schools; and
- Identify and encourage minority students in the 7th through 12th grades to aspire to, and to prepare for, careers in elementary and secondary school teaching.

The Minority Teacher Recruitment program has two components:

- Partnership grants are awarded to partnerships between one or more institutions of higher education that have a demonstrated record and special expertise in carrying out the purposes of the program. Partnerships between one or more institutions may include local educational agencies, a State educational or higher education agency, and/or community-based organizations.
- Teacher Placement grants are awarded to institutions of higher education that have schools or departments of education to develop and carry out programs and activities designed to prepare students to become elementary and secondary school teachers; and, to the extent practicable, place the students as teachers in urban and rural public and private nonprofit elementary or secondary schools where at least 50 percent of students enrolled are from minority groups. Special consideration may be given to HBCUs and institutions that are eligible under the Women and Minorities Science and Engineering Outreach Demonstration Program and that have enrollments of at least 50 percent minority students in their teacher education programs.

HIGHER EDUCATION

Minority teacher recruitment

Of the funds appropriated for Minority Teacher Recruitment, two-thirds must support Partnership grants and one-third must support Teacher Placement grants. The Federal share of project costs that can be met with a grant awarded under either components is 50 percent. However, under the Teacher Placement component, the Federal share can increase to 75 percent if the Secretary determines that a grantee has demonstrated success in the operation of its program. Grantees may not use more than 5 percent of any funds awarded for administrative expenses. New competitive grants are generally awarded every 3 years.

Funding levels for the past 5 fiscal years were as follows:

	(\$ in 000s)
1991	0 ¹
1992	0 ¹
1993	\$2,480
1994	2,480
1995	2,458

¹ This program was not authorized prior to 1993.

1996 BUDGET REQUEST

The Administration proposes to fund Minority Teacher Recruitment at \$3 million, an increase of \$542,000 over the 1995 appropriation. This program responds to the national need for new and effective strategies to recruit greater numbers of qualified minority teachers, including language minority teachers, at the elementary and secondary school level. The shortage of such teachers is becoming increasingly evident throughout the country and will continue to intensify if no action is taken to increase the number of minority teachers. Securing a racially balanced teaching population will help provide appropriate role models for our culturally diverse school-age population.

IMPACT DATA (\$ in 000s)

	1994	1995	1996
Partnership Grants:			
Number of new awards	3	0	10
Average new award	\$67	0	\$198
Total new award funding	\$201	0	\$1,980

HIGHER EDUCATION

Minority teacher recruitment

IMPACT DATA (\$ in 000s)

	1994	1995	1996
Number of NCC awards	4	7	0
Average NCC award	\$356	\$232	0
Total NCC award funding	\$1,425	\$1,626	0
Teacher Placement Grants:			
Number of new awards	2	0	5
Average new award	\$138	0	\$198
Total new award funding	\$276	0	\$990
Number of NCC awards	4	6	0
Average NCC award	\$140	\$139	0
Total NCC award funding	\$560	\$832	0
Peer review of applications for new awards	\$18	0	\$30

HIGHER EDUCATION

Minority science improvement program

(Higher Education Act of 1965, Title X, Part B, Subpart 1)

1996 Authorization (\$ in 000s): Indefinite ¹

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$5,839	\$5,839	0

¹ For any fiscal year, funds appropriated for HEA, Title X, Part B are to be allocated as follows: 50 percent for Subpart 1, 33.33 percent for Subpart 2, and 16.67 percent for Subpart 3.

PURPOSE AND METHOD OF OPERATION

The Minority Science Improvement Program (MSIP) awards discretionary grants to enhance the capacity of minority institutions to develop and maintain quality science education programs and to increase the participation of underrepresented minorities in the fields of science, mathematics, and engineering. Colleges and universities with minority enrollments greater than 50 percent are eligible to receive assistance under MSIP. Grant funds are used to purchase needed equipment, to develop curricular materials, and to support advanced faculty training.

Four categories of grants are supported with MSIP funds:

- Design project grants provide assistance to minority institutions to plan and develop long-range science improvement programs. Design projects may last up to 12 months.
- Institutional project grants provide assistance to individual minority institutions to support implementation of comprehensive science improvement plans, which may include any combination of activities designed to improve the preparation of minority students for careers in science. Institutional projects may run up to 36 months.
- Cooperative project grants assist groups of nonprofit, accredited colleges and universities to work together to conduct science improvement projects. Cooperative projects may run up to 36 months.
- Special project grants support activities that improve the quality of training in science, mathematics, and engineering; enhance minority institutions' general scientific research capabilities; provide needed services to groups of eligible minority institutions; or provide in-service training for project directors and faculty from eligible minority institutions. Special projects may run up to 24 months.

HIGHER EDUCATION

Minority science improvement program

Funding levels for the past 5 fiscal years were as follows:

(\$ in 000s)

1991	\$5,855
1992	6,000
1993	5,892
1994	5,892
1995	5,839

1996 BUDGET REQUEST

For 1996, the Administration requests \$5.8 million for MSIP, the same as the 1995 appropriation. In conjunction with our funding proposal, we are requesting appropriations language to override the provision of Title X that requires that 50 percent of the funds appropriated for Part B must be used to carry out activities authorized under Subparts 2 and 3.

The request supports the National Education Goals relating to America's ability to compete in a global economy by improving the quality of science and mathematics education. The requested funds would continue to support the improvement of mathematics, science, and engineering programs at institutions enrolling large numbers of minorities and low-income students, including HBCUs.

IMPACT DATA (\$ in 000s)

	1994	1995	1996
Design Projects:			
Number of projects	1	1	1
Total funds awarded	\$20	\$19	\$20
Institutional Projects:			
Number of projects	32	32	38
Total funds awarded	\$4,615	\$4,578	\$5,200
Cooperative Projects:			
Number of projects	3	3	3
Total funds awarded	\$654	\$654	\$500
Special Projects:			
Number of projects	17	17	3
Total funds awarded	\$545	\$530	\$69
Peer review of applications for new awards	\$58	\$58	\$50

HIGHER EDUCATION

Innovative projects for community service

(Higher Education Act of 1965, Title XI, Part B, Subpart 1)

1996 Authorization (\$ in 000s): Indefinite ¹

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$1,423	0	-\$1,423

¹ Of the total amount appropriated for Title XI, Part B, not more than one-third shall be available for Subpart 1, and not less than two-thirds shall be available for Subpart 2 (Student Literacy and Mentoring Corps).

PURPOSE AND METHOD OF OPERATION

This program supports innovative projects to encourage student participation in community service projects. Projects may: (1) support research regarding the effects of student community service organizations; (2) provide assistance to student organizations that work with community service organizations; (3) support linkages between youth corps and institutions of higher education; and/or (4) support innovative student service programs.

The Innovative Projects program is administered through FIPSE. Discretionary grants and contracts are awarded to institutions of higher education and other public agencies and nonprofit private organizations to carry out innovative projects. Projects may receive support for 1- or 2-year periods. Funds for the second year are awarded non-competitively. The FIPSE National Board must approve all applications to be funded. In the past, funded projects have supported a variety of community service activities, including tutoring, literacy, mentoring and English as a Second Language programs; projects to address the problems of homelessness and child abuse and neglect; and projects providing assistance to parents, the elderly, the economically disadvantaged, and the disabled.

Funding levels for the past 5 fiscal years were as follows:

	(\$ in 000s)
1991	\$1,464
1992	1,463
1993	1,436
1994	1,436
1995	1,423

HIGHER EDUCATION

Innovative projects for community service

1996 BUDGET REQUEST

No funding is requested in fiscal year 1996 for the Innovative Projects for Community Service program to provide savings as part of the Administration's REGO proposal, and because the program duplicates in part, activities carried out under programs administered by the Corporation for National and Community Service.

IMPACT DATA (\$ in 000s)

	1994	1995	1996
Number of new awards	7	14	0
Average new award	\$56	\$58	0
Total new award funding	\$393	\$813	0
Number of NCC awards	16	10	0
Average NCC award	\$65	\$60	0
Total NCC award funding	\$1,037	\$603	0
Peer review of applications for new awards	\$6	\$7	0

HIGHER EDUCATION

International education and foreign language studies: Domestic programs
 (Higher Education Act of 1965, Title VI)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$52,283	\$52,283	0

PURPOSE AND METHOD OF OPERATION

The International Education and Foreign Language Studies (IEFLS) Domestic programs are designed to strengthen the capability and performance of American education in foreign languages and in area and international studies.

Ten major IEFLS domestic programs are authorized under Title VI of the Higher Education Act:

- National Resource Centers support institutions of higher education (IHEs) or consortia of such institutions in establishing, operating, and strengthening advanced centers to train students, specialists, and other scholars; in maintaining important library collections and related training and research facilities; in conducting advanced research and development activities; in establishing linkages between IHEs and other academic, governmental, and media entities; in operating summer institutes; and in providing outreach and consultative services at the national, regional, and local levels. National Resource Centers are funded for up to 3 years, with funds allocated on an annual basis pending satisfactory performance by the Center and availability of funds.
- Foreign Language and Area Studies Fellowships support academic year and summer fellowships for graduate-level training at IHEs having nationally recognized programs of excellence. Institutions compete annually for funds and, in turn, award them to individual students.
- Undergraduate International Studies and Foreign Language Programs support IHEs or consortia of IHEs in establishing, operating, and strengthening instructional programs in international studies and foreign language at the undergraduate level. There is a 50 percent institutional match. Grant awards are normally made for projects extending over a period of 2 years. However, organizations, associations, and institutional consortia are eligible for up to 3 years of support.
- International Research and Studies Projects support IHEs, public and private nonprofit organizations, and individuals in projects designed to determine the need for improved or increased instruction in modern foreign language and area and international studies; to develop more effective teaching methods and standardized measures of competency; and to develop specialized curriculum materials. The Secretary funds participants through grants and contracts. Most of the projects are for 1 or 2 years.

HIGHER EDUCATION

International education and foreign language studies: Domestic programs

- Business and International Education Projects support IHEs in designing 2-year projects both to enhance the international academic programs and to promote linkages between the IHEs and the international business community engaged in international economic activity. The Federal share of the projects cannot exceed 50 percent of the total cost.
- Intensive Summer Language Institutes support IHEs and consortia in operating intensive summer programs for advanced foreign language students.
- International Business Education Centers support IHEs by paying the Federal share of the cost of planning, establishing, and operating centers that provide a comprehensive university approach to improving international business education by bringing together faculty from numerous disciplines. The centers serve as national and regional business resources for teaching improved business strategies to students and business professionals; provide instruction in critical foreign language and international fields; and support research and training in the international aspects of trade and other fields of study. Grants are made for a minimum of 3 years. The Federal share of the cost of planning, establishing, and operating the Centers cannot exceed 90 percent, 70 percent, or 50 percent in the first, second, third, and following years, respectively.
- Language Resource Centers, composed of one IHE or consortia, are designed to improve the teaching of foreign languages. The centers develop new teaching methods and train teachers in their use; formulate and apply proficiency testing; train teachers in the administration and evaluation of the tests; publish instructional materials in less commonly taught languages; and disseminate research results, teaching materials, and strategies to the postsecondary community. Language Resource Centers are eligible for up to 3 years of support.
- The Foreign Periodicals Program supports competitive grants for the acquisition and provision of access to periodicals published outside the United States. Awards may be made to institutions of higher education or public or private nonprofit libraries. Funds are used to acquire periodicals that, in addition to being published outside the United States, are not commonly held and are of scholarly or research importance; maintain machine-readable bibliographic information on acquisitions and enter the information in widely available databases; preserve the periodicals acquired; and make the periodicals available to scholars and researchers. Recipients must have established a library or consortium of libraries that has collection strength in specific geographic areas of the world or in particular fields or issues that concern one or more countries, and must demonstrate a commitment to share the resources of the collection and to contribute to a comprehensive national base of resources.
- American Overseas Research Centers makes grants to consortia of institutions in programs to promote postgraduate research, exchanges, and area studies. Funds may be used for stipends, staff salaries, operation and maintenance of overseas facilities, teaching and research material, maintenance of library collection, conferences, publications, and dissemination of material.

HIGHER EDUCATION

International education and foreign language studies: Domestic programs

The funding level for the past 5 fiscal years were as follows:

	(\$ in 000s)
1991	\$40,011
1992	47,480 ¹
1993	49,283 ¹
1994	52,283
1995	52,283

¹ Adjusted for comparability includes \$13 million in 1992, and \$12.767 million in 1993 for the Foreign Language and Area Studies Fellowships program; and \$500,000 in 1992, and \$982,000 in 1993 for the Foreign Periodicals program, which were appropriated separately in this account.

1996 BUDGET REQUEST

The Administration requests \$52.3 million for the IEFLS Domestic programs, the same as the 1995 appropriation. The request for these programs supports the National Education Goal that calls for every adult American to be literate and in possession of the knowledge and skills necessary to compete in a global economy. The International Education and Foreign Language Studies Domestic programs also support the United States' role in the North American Free Trade Agreement by strengthening U.S. expertise in foreign languages and cultures and by supporting U.S. businesses competing in a global economy.

IMPACT DATA (\$ in 000s)

	1994	1995	1996
National resource centers:			
Number of new awards	114	0	0
Average new award	\$158	0	0
Number of NCC awards	5	119	119
Average NCC award	\$142	\$160	\$160
Total award funding	\$18,719	\$19,040	\$19,040
Foreign Language and Area Studies Fellowships:			
Number of new awards	127	0	0
Average new award	\$105	0	0
Number of NCC awards	0	127	127
Average NCC award	0	\$105	\$105
Total award funding	\$13,367	\$13,397	\$13,397

HIGHER EDUCATION

International education and foreign language studies: Domestic programs

IMPACT DATA (\$ in 000s)

	1994	1995	1996
Undergraduate international studies and foreign language programs:			
Number of new awards	27	31	31
Average new award	\$57	\$62	\$62
Number of NCC awards	33	31	31
Average NCC award	\$68	\$65	\$65
Total award funding	\$3,794	\$3,907	\$3,907
International research and studies projects:			
Number of new awards	19	21	19
Average new award	\$75	\$76	\$77
Number of NCC awards	12	15	15
Average NCC award	\$82	\$75	\$78
SBIR project	0	\$40	\$125
Total award funding	\$2,413	\$2,771	\$2,771
Business and international education projects:			
Number of new awards	22	18	21
Average new award	\$79	\$80	\$83
Number of NCC awards	25	22	18
Average NCC award	\$70	\$87	\$90
Total award funding	\$3,481	\$3,355	\$3,355
International business education centers:			
Number of new awards	0	12	13
Average new award	0	\$274	\$272
Number of NCC awards	25	13	12
Average NCC award	\$273	\$272	\$272
Total award funding	\$6,834	\$6,810	\$6,810
Language resource centers:			
Number of new awards	2	0	6
Average new award	\$400	0	\$398
Number of NCC awards	4	6	0
Average NCC award	\$400	\$400	0
Total award funding	\$2,400	\$2,400	\$2,390

HIGHER EDUCATION

International education and foreign language studies: Domestic programs

IMPACT DATA (\$ in 000s)

	1994	1995	1996
Foreign periodicals program:			
Number of new awards	0	0	0
Average new award	0	0	0
Number of NCC awards	11	0	0
Average NCC award	\$60	0	0
Total award funding	\$655	0	0
American overseas research centers:			
Number of new awards	9	1	0
Average new award	\$57	\$50	0
Number of NCC awards	0	9	10
Average NCC award	0	\$50	\$50
Total award funding	\$511	\$500	\$500
Peer review of applications for new awards	\$109	\$80	\$113

HIGHER EDUCATION

International education and foreign language studies: Overseas programs

(Mutual Educational and Cultural Exchange Act of 1961)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$5,790	\$5,790	0

PURPOSE AND METHOD OF OPERATION

The International Education and Foreign Language Studies (IEFLS) Overseas programs are designed to contribute to the improvement of teaching and research, curriculum materials, training of specialists, and general understanding of the peoples of other countries through first-hand experience overseas.

Four major Overseas programs (Fulbright-Hays programs) in foreign languages and in area and international studies are authorized under the Mutual Educational and Cultural Exchange Act of 1961:

- Group Projects Abroad supports group training, research, and curriculum development in modern foreign languages and area studies by teachers, college students, and faculty for periods from 1-1/2 to 12 months.
- Faculty Research Abroad supports opportunities for faculty members of IHEs to study and conduct advanced research overseas. Fellowships are generally reserved for scholars whose academic specializations focus on the less commonly taught languages and all major world areas with the exception of Western Europe. The fellowships are from 3 to 12 months in length.
- Doctoral Dissertation Research Abroad supports opportunities for graduate students to engage in full-time dissertation research overseas. Fellowships are generally reserved for scholars whose academic specializations focus on the less commonly taught languages and all major world areas with the exception of Western Europe. The fellowships are from 6 to 12 months in length.
- Special Bilateral Projects with foreign countries support training and curriculum development opportunities for teachers and faculty through short-term seminars.

IEFLS programs are administered through discretionary grants, contracts, and fellowships. Federal program staff, panels of non-Federal academic specialists, binational commissions, U.S. embassies, and the J. William Fulbright Foreign Scholarship Board are involved in the selection of the Overseas programs grantees and/or project participants.

HIGHER EDUCATION

International education and foreign language studies: Overseas programs

A portion of each year's appropriation is used to reimburse bi-national commissions and U.S. embassies for professional and administrative support that they have provided for projects and individuals funded under the Overseas programs. Services include reviewing project proposals for feasibility, political sensitivity, and cost estimates; and providing assistance to grantees in obtaining local research permits and visas.

The funding level for the past 5 fiscal years were as follows:

	(\$ in 000s)
1991	\$5,855
1992	6,000
1993	5,843
1994	5,843
1995	5,790

1996 BUDGET REQUEST

For the Overseas programs, the Administration requests \$5.8 million, the same as the fiscal year 1995 appropriation. This level of funding would support continuation of activities in these programs, which contribute to America's national security by providing the domestic expertise in international areas that America needs to stay competitive in the world marketplace.

IMPACT DATA (\$ in 000s)

	1994	1995	1996
Group projects abroad:			
New projects	26	24	38
Number of participants	390	375	880
Average new award	\$52	\$54	\$57
Continuation projects	13	14	0
Number of participants	195	195	0
Average continuation award	\$64	\$59	0
Total award funding	\$2,174	\$2,119	\$2,153
Faculty research abroad:			
Number of fellows	17	18	18
Average fellowship	\$48	\$45	\$45
Total fellowship funding	\$790	\$810	\$810

HIGHER EDUCATION

International education and foreign language studies: Overseas programs

IMPACT DATA (\$ in 000s)

	1994	1995	1996
Doctoral dissertation research abroad:			
Number of fellows	59	59	59
Average fellowships	\$31	\$31	\$30
Total fellowship funding	\$1,806	\$1,807	\$1,790
Special bilateral projects:			
Number of projects	8	7	7
Average award	\$118	\$137	\$134
Total award funding	\$942	\$957	\$940
Administration	\$40	\$39	\$39
Peer review of applications for new awards	\$91	\$58	\$58

HIGHER EDUCATION

International education and foreign language studies: Institute for International Public Policy

(Higher Education Act of 1965, Title VI, Part C)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$1,000	\$1,000	0

PURPOSE AND METHOD OF OPERATION

The Institute for International Public Policy program is intended to increase the number of African-American and other minorities in the international and foreign services of the United States. Consortia consisting of one or more HBCUs, minority-serving institutions, and institutions with programs to train foreign service professionals are eligible to apply for a grant of up to 5 years duration to establish an Institute of International Public Policy. An institutional match equal to 25 percent of the Federal grant is required.

The Institute supports a variety of activities, including:

- A Junior Year Abroad program for students from institutions serving significant numbers of minority students. The cost is shared equally by the Institute and by the institution where the student is enrolled.
- A program leading to a master's degree in international relations. The Institute may also offer fellowships at the same level of support as those offered by the National Science Foundation. Fellows must agree to enter the international or foreign service of the United States upon graduation.
- Agreements with HBCUs, other minority-serving institutions, and institutions with programs in training foreign service professionals, to offer academic year and summer internships in government agencies or other international organizations.

Funding levels for the past 5 fiscal years were as follows:

	(\$ in 000s)
1991	0 ¹
1992	0 ¹
1993	0
1994	\$1,000
1995	1,000

¹ The program was not authorized prior to 1993.

HIGHER EDUCATION**International education and foreign language studies: Institute for International Public Policy**

1996 BUDGET REQUEST

The Department's \$1 million funding request for the Institute for International Public Policy supports the National Education Goal calling for every adult American to be literate and in possession of the knowledge and skills necessary to compete in a global economy and exercise the rights and responsibilities of citizenship.

The graduates of the Nation's HBCUs, HSIs, and other institutions serving significant numbers of minority students are important to the well-being of America--from both economic and national security perspectives. The Department is committed to equitable access to education for all Americans and to full participation in Government by all sectors of American society. The Institute for International Public Policy assists members of underrepresented minority groups to enter the international and foreign service "pipeline"--resulting in a Federal Government that is more truly representative of its people.

HIGHER EDUCATION

Cooperative education

(Higher Education Act of 1965, Title VIII)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$6,927	0	-\$6,927

PURPOSE AND METHOD OF OPERATION

The Cooperative Education program awards discretionary grants to institutions of higher education to develop, and make available to students, work experiences that will aid students in future careers and provide financial compensation. The program provides students with work experiences, either concurrent or alternating with periods of academic study, that generally relate to the student's career or academic objectives, for which the student receives compensation that may be used to help meet the costs of postsecondary education.

Four categories of grants may be funded under the Cooperative Education program:

- Administration Projects support operating costs of campus-based cooperative education programs for no more than 5 years, with the Federal share of the costs declining each year (85/70/55/40/25 percent).
- Demonstration Projects help institutions develop institution-wide, comprehensive cooperative education programs through large, multi-year grants.
- Research Projects carry out research relating to cooperative education.
- Training Projects provide assistance and guidance to faculty and administrators of cooperative education programs.

Funding levels for the past 5 fiscal years were as follows:

	(\$ in 000s)
1991	\$13,175
1992	14,000
1993	13,749
1994	13,749
1995	6,927

HIGHER EDUCATION

Cooperative education

1996 BUDGET REQUEST

For 1996, the Administration requests no funding for the Cooperative Education program, because it has already achieved its purpose of encouraging and demonstrating the concept of cooperative education. Institutions have a self-interest in providing work-learning experience that will attract students. In fiscal year 1995, Congress agreed with the Administration's Budget proposal to terminate the program, and funds were provided to support non-competing continuation awards only.

In addition, elimination of this program is consistent with the report of the National Performance Review, which recommended the termination of any program that has achieved its purpose, duplicates other programs, or should be supported with non-Federal resources.

IMPACT DATA (\$ in 000s)

	1994	1995	1996
Administration projects:			
Number of new awards	58	0	0
Total new award funding	\$2,128	0	0
Number of NCC awards	141	102	0
Total NCC award funding	\$9,810	\$6,222	0
Demonstration projects:			
Number of new awards	2	0	0
Total new award funding	\$263	0	0
Number of NCC awards	2	2	0
Total NCC award funding	\$270	\$254	0
Research projects:			
Number of new awards	1	0	0
Total new award funding	\$95	0	0
Number of NCC awards	2	1	0
Total NCC award funding	\$278	\$130	0
Training projects:			
Number of new awards	2	0	0
Total new award funding	\$242	0	0
Number of NCC awards	5	3	0
Total NCC award funding	\$610	\$321	0
Peer review of applications for new awards	\$53	0	0

HIGHER EDUCATION

Law school clinical experience

(Higher Education Act of 1965, Title IX, Part G)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1995 Revised</u>	<u>1996</u>	<u>Change from 1995 Revised</u>
\$14,920	0	0	0

PURPOSE AND METHOD OF OPERATION

The Law School Clinical Experience program supports annual, competitive discretionary grants to accredited law schools to continue, expand, or establish clinical experience for law students, with preference given to programs providing legal experience in the preparation and trial of actual cases, including both administrative cases and out-of-court settlements. The Secretary is authorized to enter into agreements with law schools to finance not more than 90 percent of the projects' costs. The maximum grant award to any school in any fiscal year is \$250,000. Project costs may include planning, preparation of related teaching materials, administration, training of faculty members, salary for additional faculty or attorneys and others directly involved in supervision, and other activities related to the program.

Funding levels for the past 5 fiscal years were as follows:

(\$ in 000s)

1991	\$5,855
1992	8,000
1993	9,920
1994	14,920
1995	14,920

1995 REVISED REQUEST

The Administration is proposing to rescind the funds appropriated for the Law School Clinical Experience program in fiscal year 1995. The program has achieved its original purpose. Providing clinical experience opportunities is clearly in a law schools' own interest in attracting students, and is recommended for accreditation by the American Bar Association, the recognized accreditor for the 176 accredited law schools currently in operation. This funding proposal is also consistent with the report of the National Performance Review, which recommended the termination of any program that has achieved its purpose or should be supported with non-Federal resources.

HIGHER EDUCATION

Law school clinical experience

1996 BUDGET REQUEST

For 1996, the Administration proposes to continue its policy to eliminate funding for the Law School Clinical Experience program, which is more appropriately funded through non-Federal resources.

IMPACT DATA (\$ in 000s)

	1994	1995	1995 Revised	1996
Number of new awards	59	25	0	0
Average new award	\$114	\$116	0	0
Total new award funding	\$6,744	\$2,888	0	0
Number of NCC awards	71	105	0	0
Average NCC award	\$115	\$114	0	0
Total NCC award funding	\$8,149	\$12,012	0	0
Number of participants	4,375	4,500	0	0
Cost per participant	\$3.4	\$3.3	0	0
Peer review of applications for new awards	\$27	\$20	0	0

HIGHER EDUCATION

Urban community service

(Higher Education Act, Title XI, Part A)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$13,000	0	-\$13,000

PURPOSE AND METHOD OF OPERATION

The Urban Community Service program provides discretionary grants for up to 5 years to encourage urban universities or consortia of such institutions to serve as sources of skills, talents, and knowledge to assist the urban areas in which they are located solve urban problems. The authorizing statute defines "urban area" as a metropolitan statistical area having a population of not less than 500,000 individuals. Universities may use the funding to support cooperative projects that provide an urban area with one or more of the following: applied research, planning services, specialized training, technical assistance or other services to address high priority needs of the urban communities.

Applicants are encouraged to design projects that address a wide variety of urban community problems, such as work force preparation, urban poverty, health care, underperforming school systems and students, problems of the elderly, problems faced by families and children, urban infrastructures and environmental concerns, economic development, crime prevention and alternative interventions.

Funding levels for the past 5 fiscal years were as follows:

	(\$ in 000s)
1991	0
1992	\$8,000
1993	9,424
1994	10,606
1995	13,000

1996 BUDGET REQUEST

This program is proposed for elimination to provide savings as part of the Administration's REGO proposal. The Administration believes that urban social and economic problems are more adequately addressed under programs and budgets of other Federal, State, and local agencies.

HIGHER EDUCATION

Urban community service

IMPACT DATA (\$ in 000s)

	1994	1995	1996
Number of new grants	3	33	0
Average New grant	\$407	\$307	0
Total new grant funding	\$1,222	\$10,131	0
Number of NCC grants	23	9	0
Average NCC grant	\$407	\$307	0
Total NCC grant funding	\$9,370	\$2,763	0
Peer review of applications for new awards	\$14	\$106	0

HIGHER EDUCATION

Student financial aid database and information line

(Higher Education Act, Title IV, Part A, Chapter 5)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$496	0	-\$496

PURPOSE AND METHOD OF OPERATION

The Higher Education Act authorizes the Secretary to award a contract to establish and maintain the following activities:

- A computerized database of all public and private financial assistance programs, to be accessible to schools and libraries through either modems or toll-free telephone lines; and,
- A toll-free information line, including access by telecommunications devices for the deaf (TDDs), to provide individualized financial assistance information to parents, students, and other individuals, including individuals with disabilities, and to refer students with disabilities and their families to the postsecondary clearinghouse that is authorized under Section 633(c) of the Individuals with Disabilities Education Act.

A contract was in fiscal year 1994 under which a feasibility and design study on the establishment of a financial aid database and toll-free information line is being conducted. The study will review design options for including comparative "consumer information" about postsecondary programs. The study will provide analyses of administrative costs, information transfer, data collection, data maintenance, and data storage. It will also include projections of demand/usage of such a service.

Funding levels for the past 5 fiscal years were as follows:

	(\$ in 000s)
1991	0 ¹
1992	0 ¹
1993	0
1994	\$500
1995	496

¹ This program was not authorized prior to 1993.

HIGHER EDUCATION**Student financial aid database and information line**

1996 BUDGET REQUEST

The Administration requests no funds for the Student Financial Aid Database and Information Line, a decrease of \$496,000 compared with the 1995 appropriation. The Administration believes that decisions regarding the need for additional funds for this activity should be deferred until after the design and requirements analysis has been completed.

HIGHER EDUCATION

Interest Subsidy Grants

(Higher Education Act of 1965, Title VII, Section 702)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$17,512	\$16,712	-\$800

PURPOSE AND METHOD OF OPERATION

The Interest Subsidy Grants program helped finance the construction, reconstruction, or renovation of higher education academic facilities and the acquisition and maintenance of special research and instructional instrumentation and equipment. This financing helped States, local communities, and individual higher education institutions: accommodate enrollment increases; maintain and expand research facilities; support energy conservation rehabilitation of existing facilities; and upgrade existing facilities to meet various Federal, State, and local structural requirements relating to health, safety, and access to the disabled.

Under this program, institutions of higher education and higher education building agencies received Federal interest subsidies on privately secured loans. After each loan was arranged commercially, the Department of Education entered into an agreement with the borrowing institution or agency to pay an annual subsidy. This subsidy makes up the difference between the interest costs incurred at the negotiated, commercial lending rate and the 3 percent interest rate that the institution pays to the lender. Annual grants are awarded to institutions of higher education and higher education building agencies over the full term of approved loans to cover the Federal subsidies. The grants are paid using both newly appropriated monies and, as available, funds carried over from prior years.

No new Interest Subsidy Grant commitments have been made since 1973. The authority to make new subsidy commitments was repealed in the Higher Education Amendments of 1992. However, authority to make mandatory payments on the outstanding loan portfolio was retained. Because some of the approved loans have repayment terms of up to 40 years, interest subsidy payments on outstanding loans are expected to continue until the year 2013. Currently, the program is meeting its prior-year commitments to subsidize interest costs on approximately 350 privately financed facilities loans.

Funding levels for the past 5 fiscal years were as follows:

(\$ in 000s)

1991	\$20,396
1992	19,412
1993	18,689
1994	18,029
1995	17,512

HIGHER EDUCATION

Interest subsidy grants

1996 BUDGET REQUEST

For 1996, the Administration proposes \$16.7 million for Interest Subsidy Grants. This is \$800,000 less than the 1995 appropriation. The requested funding level is needed to meet mandatory interest subsidy costs of construction loan commitments made during fiscal years 1970-73, when 711 commercial loans totaling over \$1.4 billion were approved for Federal subsidization.

The continued payment of interest subsidies on the existing portfolio of higher education facilities loans is guaranteed under agreement with the participating institutions, and the precise amount of each school's annual interest grant is specified in those agreements. As such--without a renegotiation of the subsidy terms, conditions, and amounts--this program's budgetary cost is essentially predetermined and mandatory. The requested amount would be sufficient to support interest subsidies on the 351 loans still expected to be in repayment status in 1996.

IMPACT DATA (\$ in 000s)

	1994	1995	1996
Number of loans paid off (cumulative)	711	711	711
Number of loans paid off (cumulative)	321	345	359
Number of loans paid off, withdrawn, or terminated (current year)	24	14	35
Outstanding loan volume under subsidy	\$443,327	\$416,203	\$366,449
Average interest subsidy grants	\$49	\$49	\$52

HIGHER EDUCATION

Mary McLeod Bethune Memorial Fine Arts Center

(Public Law 102-423)

1996 Authorization (\$ in 000s): \$11,700¹

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$4,000	0	-\$4,000

¹ All sums authorized remain available until appropriated. A total of \$15.7 million was authorized, of which \$4 million has been appropriated.

PURPOSE AND METHOD OF OPERATION

Assistance to the Bethune-Cookman College provides funding for the Mary McLeod Bethune Memorial Fine Arts Center. The purpose of the center is to recognize the career of Mary McLeod Bethune, founder and first president of the college, founder and first president of the National Council of Negro Women, and confidant and advisor to Presidents of the United States. Phase I of the project was completed using \$6.2 million in Federal funds that were authorized under the Higher Education Amendments of 1986, and appropriated in fiscal years 1988 and 1992. The Phase I funding was used to construct a three-story structure, which includes classrooms, a small library, a multi-media center, and an exhibit hall. The funds appropriated in fiscal year 1995 will support Phase II of the project, which includes the construction of a performing arts center and a hospitality management training facility.

Funding levels for the past 5 fiscal years were as follows:

	(\$ in 000s)
1991	0
1992	\$300
1993	0
1994	0
1995	4,000

1996 BUDGET REQUEST

No funds are requested for the Mary McLeod Bethune Memorial Fine Arts Center, a decrease of \$4 million compared with the 1995 appropriation level. While the Administration supports the efforts of the Bethune-Cookman College, a total of \$10.2 million in Federal funds has been provided non-competitively to this institution over the last several years. The Administration is generally opposed to non-competitive financing of activities, and believes that Bethune-Cookman College should seek funding through the HBCU Capital Financing program or through private financing mechanisms.

HIGHER EDUCATION

Federal TRIO programs

(Higher Education Act of 1965, Title IV, Part A, Subpart 2, Chapter 1)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$463,000	\$463,000	0

PURPOSE AND METHOD OF OPERATION

The Federal TRIO programs fund postsecondary education outreach and support services designed to encourage qualified individuals from disadvantaged backgrounds to enter and complete college, to motivate and prepare these students for doctoral studies, and to train individuals serving or preparing for service in Federal TRIO programs.

Up to 0.5 of 1 percent of the funds appropriated for the TRIO programs may be used by the Department to support administrative activities, such as: obtaining additional qualified readers and additional staff to review applications; increasing the level of oversight monitoring; supporting impact studies, program assessments and reviews; and providing technical assistance to potential applicants and grantees.

Eligible participants in Federal TRIO programs must be low-income and first-generation college students; and in the case of the Student Support Services program, low-income and first-generation college students or individuals with disabilities. The Federal TRIO programs include:

- Student Support Services, which funds projects designed to increase the college retention and graduation rates of eligible students and to increase the transfer rates of eligible students from 2-year to 4-year institutions. The services include remediation, academic counseling and guidance, tutorial services, personal and career counseling, admission and financial aid counseling for graduate and professional studies, and activities for students of limited English proficiency.
- Upward Bound, which provides intensive academic instruction to high school students and veterans to generate the skills and motivation needed to pursue and complete a program of education beyond high school. Funds are also used to establish mathematics and science regional centers to encourage students to pursue postsecondary degrees in these fields. Services may include Saturday classes, tutorial and counseling sessions, cultural enrichment activities, and a 6-week summer component.

HIGHER EDUCATION

Federal TRIO programs

- Talent Search, which identifies disadvantaged youth, at least 11 years of age but no more than 27 years of age, with the potential for postsecondary education; encourages them to graduate from secondary schools and to enroll in programs of postsecondary education; and encourages high school dropouts to return to school. A Talent Search special initiative provides activities that focus on mathematics and science enrichment for sixth and seventh graders. Services include information and assistance on admission and financial aid; academic, personal and career counseling; guidance on re-entry into high school or college as well as entry to general educational development (GED) programs; aptitude assessment; and mentoring.
- Educational Opportunity Centers, which provide assistance and information to adults, age 19 or above, who seek to pursue a program of postsecondary education. If the services of a Talent Search program are not available in the target area, individuals under age 19 may be served. Program services include dissemination of information on higher education opportunities in the community, counseling sessions, assistance in completing college applications, admission and financial aid forms, and assistance with re-entry to high school or college.
- McNair Postbaccalaureate Achievement, which provides disadvantaged college students at the undergraduate level with preparation for doctoral study. Services include opportunities for research or other scholarly activities at the recipient institution or graduate center, summer internships, tutorial sessions, seminars, and assistance in obtaining financial aid and securing admission to graduate programs.
- Training, which provides staff development activities and opportunities to improve the competency of the TRIO programs staff. Training is offered annually for new directors of projects as well as annually on topics such as legislative and regulatory requirements for operating funded projects, assisting students in receiving adequate financial aid and the design and operation of model programs.
- Evaluation activities, which are intended to improve the cost-effectiveness of operating Federal TRIO programs. These activities include: (1) identifying practices that are particularly effective in increasing access to postsecondary education for low-income and first-generation college students; (2) documenting the preparation these students receive for successful completion of postsecondary education; and (3) documenting the students' success rates in postsecondary education.

HIGHER EDUCATION

Federal TRIO programs

Funding levels for the past 5 fiscal years were as follows:

	(\$ in 000s)
1991	\$333,754
1992	385,149
1993	388,048
1994	418,525
1995	463,000

1996 BUDGET REQUEST

The Administration's 1996 budget requests \$463 million for the Federal TRIO programs, which is the same as the 1995 appropriation level. The Administration believes that success in higher education is the result of a process that begins early in a student's education career. Efforts to reform student financial aid—if it is to reach the truly needy and encourage access and full participation in postsecondary education for all Americans—must be accompanied by early intervention designed to encourage at-risk students to stay in school and pursue academic courses that lead to postsecondary education. The request for the TRIO programs, which provide student information and support services to disadvantaged students, supports and complements the Department's student financial aid programs and helps to ensure that postsecondary education access and opportunity are available for disadvantaged students, including women and minorities.

The Administration's fiscal year 1996 request also supports National Education Goals calling for lifelong learning and equal access to education. The evaluation activities support the Secretary's priority of improving program efficiency and cost-effectiveness.

IMPACT DATA (\$ in 000s)

	1994	1995	1996
Student Support Services:			
Number of NCC awards	707	707	707
Average NCC award	\$198	\$204	\$205
Total NCC award funding	\$140,135	\$144,100	\$144,900
Total number of participants	165,282	167,000	167,000
Cost per participant	\$.848	\$.86	\$.87

HIGHER EDUCATION

Federal TRIO programs

IMPACT DATA (\$ in 000s)

	1994	1995	1996
Upward Bound:			
Number of new awards	0	580	0
Average new award	0	\$295	0
Total new award funding	0	\$171,000	0
Number of NCC awards	534	0	580
Average NCC award	\$275	0	\$295
Total NCC award funding	\$146,906	0	\$171,000
Total number of participants	41,690	46,400	46,400
Cost per participant	\$3.524	\$3.685	\$3.685
Upward Bound Math/Science Initiative:			
Number of new awards	0	80	0
Average new award	0	\$238	0
Total new award funding	0	\$19,000	0
Number of NCC awards	75	0	80
Average NCC award	\$208	0	\$238
Total NCC award funding	\$15,592	0	\$19,000
Total number of participants	3,542	4,400	4,400
Cost per participant	\$4.402	\$4.318	\$4.318
Talent Search:			
Number of new awards	319	0	0
Average new award	\$237	0	0
Total new award funding	\$75,625	0	0
Number of NCC awards	0	319	319
Average NCC award	0	\$245	\$245
Total NCC award funding	0	\$78,300	\$78,300
Total number of participants	298,922	302,000	302,000
Cost per participant	\$.254	\$.259	\$.259

HIGHER EDUCATION

Federal TRIO programs

IMPACT DATA (\$ in 000s)

	1994	1995	1996
Educational Opportunity Centers:			
Number of new awards	74	0	0
Average new award	\$323	0	0
Total new award funding	\$23,934	0	0
Number of NCC awards	0	74	74
Average NCC award	0	\$334	\$334
Total NCC award funding	0	\$24,700	\$24,700
Total number of participants	156,686	158,000	158,000
Cost per participant	\$.153	\$.156	\$.156
McNair Post-Baccalaureate Achievement:			
Number of new awards	0	100	0
Average new award	0	\$200	0
Total new award funding	0	\$20,000	0
Number of NCC awards	68	0	100
Average NCC award	\$175	0	\$200
Total NCC award funding	\$11,891	0	\$20,000
Total number of participants	1,937	3,300	3,300
Cost per participant	\$6.139	\$6.061	\$6.061
Staff Training:			
Number of new awards	12	0	1
Average new award	\$168	0	\$2,100
Total new award funding	\$2,018	0	\$2,100
Number of NCC awards	0	12	0
Average NCC award	0	\$175	0
Total NCC award funding	0	\$2,100	0
Total number of participants	2,025	2,025	1,900
Cost per participant	\$.997	\$1.037	\$1.105

HIGHER EDUCATION

Federal TRIO programs

IMPACT DATA (\$ in 000s)

	1994	1995	1996
Evaluation	\$1,462	\$1,500	\$1,500
Peer review of applications for new awards	\$420	\$750	0
Administration	\$541	\$1,550	\$1,500
Total number of projects	1,789	1,872	1,861
Total number of participants	670,084	683,125	683,000

HIGHER EDUCATION

National Early Intervention Scholarships and Partnerships

(Higher Education Act of 1965, Title IV, Part A, Subpart 2, Chapter 2)

1996 Authorization (\$ in 000s): Indefinite ¹

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1995 Revised</u>	<u>1996</u>	<u>Change from 1995 Revised</u>
\$1,875	0	0	0

¹ No funds may be expended for this program unless the amount appropriated for Title IV, Part A, Subpart 4, the State Student Incentive Grant program exceeds \$60 million.

PURPOSE AND METHOD OF OPERATION

The National Early Intervention Scholarship and Partnership program (NEISP) awards 1-year discretionary grants to States to encourage low-income students to get on a college-bound track by providing support services at an early age and by "guaranteeing" the financial assistance necessary to permit them to attend college. In years in which the appropriation is less than \$50 million, competitive grants would be made to the States. In years in which the appropriation is greater than \$50 million, funds would be allotted to the States based on the Title I Elementary and Secondary Education Act formula. In either case, a State match of 100 percent is required. The program has two components:

- Early intervention component, which provides incentives to States in cooperation with local educational agencies, colleges, community organizations, and businesses to provide outreach and support services to low-income elementary, middle, and secondary school students who are at risk of dropping out of school. States are authorized to enter into agreements with eligible students, starting as early as preschool, under which the students agree to achieve certain academic milestones in return for "guaranteed" tuition assistance for college from the State for a specified period of time. Each State must use 25-50 percent of its annual allotment for this component.
- Scholarship component, which requires the States to establish financial assistance programs for eligible low-income students who have received high school diplomas and who have participated in either the State Early Intervention Program or in the Federal TRIO programs. These students would receive at least 75 percent of the average cost of attendance for an in-State student at a 4-year public institution or the maximum Pell Grant for the fiscal year, whichever is less.

HIGHER EDUCATION

National Early Intervention Scholarships and Partnerships

Funding levels for the past 5 fiscal years were as follows:

	(\$ in 000s)
1991	0 ¹
1991	0 ¹
1993	0
1994	\$1,875
1995	1,875

¹ This program was not authorized prior to 1993.

1995 REVISED REQUEST

The Administration proposes that funds appropriated for fiscal year 1995 be rescinded. This program duplicates the Federal TRIO programs, which provide support to low-income disadvantaged individuals to pursue and complete college. In view of the significant level of resources available to postsecondary students, the Administration does not recommend funding for small, categorical programs such as the NEISP program.

1996 BUDGET REQUEST

For 1996, the Administration proposes to continue its policy to eliminate funding for the National Early Intervention Scholarship and Partnership program.

IMPACT DATA (\$ in 000s)

	1994	1995	1995 Revised	1996
Number of grants	8	8	0	0
Average grant	\$234	\$234	0	0
Total grant funding	\$1,872	\$1,872	0	0
Peer review of applications for new awards	\$3	\$3	0	0

HIGHER EDUCATION

Byrd honors scholarships

(Higher Education Act of 1965, Title IV, Part A, Subpart 6)

1996 Authorization (\$ in 000s): Indefinite

Budget authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$29,117	\$38,117	+\$9,000

PURPOSE AND METHOD OF OPERATION

The Byrd Honors Scholarship program promotes academic excellence and achievement by awarding scholarships of \$1,500 per year to students who have demonstrated outstanding academic achievement and who show promise of continued academic excellence for study at an institution of higher education. Scholarships are awarded for a period of 4 years.

Program funds are allocated to States, including the District of Columbia, the Commonwealth of Puerto Rico, and the insular areas, based on the ratio of the State's school-aged population to the total school-aged population in all participating States, except that no State may receive less than \$15,000.

Funding levels for the past 5 fiscal years were as follows:

	(\$ in 000s)
1991	\$9,271
1992	9,642
1993	9,470
1994	19,294
1995	29,117

1996 BUDGET REQUEST

The Department proposes to fund the Byrd Honors Scholarship program at \$38.1 million, an increase of \$9 million over the 1995 appropriation level. The proposed 31 percent increase would fund a new cohort of first-year students in 1996, and continue support for the 1993, 1994, and 1995 cohorts of students in their fourth, third, and second years of study, respectively. The expansion of the program reflects the intent of the Higher Education Amendments of 1992, which expanded student eligibility from 1 year to 4 years of scholarship support. In 1996, over 25,000 students would be served, including 6,000 new scholars. All four cohorts would receive the full \$1,500 scholarship authorized by law.

HIGHER EDUCATION

Byrd honors scholarships

The Byrd Honors Scholarship program directly supports the National Education Goal of promoting student competency in challenging subjects in secondary schools by providing incentives to exceptionally able high school students to excel in their studies. It recognizes scholars' high school achievements, and rewards their excellence by providing scholars with immediate, tangible resources to continue--and complete--their studies at the undergraduate level. The enhanced educational achievement of the Byrd scholars will help ensure that these students are prepared for responsible citizenship, further learning, and productive employment in our Nation's economy.

IMPACT DATA (\$ in 000s)

	1994	1995	1996
Number of new scholars	6,580	6,548	6,000
Total new scholarship funding	\$9,870	\$9,822	\$9,000
Number of NCC scholars	6,283	12,863	19,411
Total NCC scholarship funding	\$9,424	\$19,295	\$29,117
Scholarship amount	\$1.5	\$1.5	\$1.5

NOTE--For State listing of Byrd funding, see page 99.

HIGHER EDUCATION

National Science Scholars(Excellence in Mathematics, Science and Engineering Education Act of 1991, Title VI, Part A) ¹

1996 Authorization (\$ in 000s): 0

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$4,424	0	-\$4,424

¹ The Excellence in Mathematics, Science and Engineering Education Act of 1991 was repealed by the Improving America's Schools Act of 1994.

PURPOSE AND METHOD OF OPERATION

The National Science Scholars (NSS) program recognizes student excellence and achievement in the physical, life, and computer sciences; mathematics; and engineering by providing scholarships to meritorious graduating high school students who continue their studies at the postsecondary level in these academic areas.

Each participating State nominates at least four individuals, at least half of whom are female, from each congressional district in the State. Nominations are submitted to the President, who selects two students from each congressional district. At least one of the recipients from each district must be female. Each scholar may receive up to \$5,000 per academic year for up to four years of study. The actual amount received cannot exceed the cost of attendance.

Funding levels for the past 5 fiscal years were as follows:

(\$ in 000s)

1991	\$976
1992	4,500
1993	4,464
1994	4,464
1995	4,424

1996 BUDGET REQUEST

This program is proposed for elimination to provide savings as part of the Administration's REGO proposal. The Administration strongly supports efforts to improve the mathematics and scientific capabilities of American students and is requesting funding in many other Federal mathematics and science programs. However, we do not support funding for the NSS program, which was repealed by the Improving America's Schools Act (P.L. 103-382). This

HIGHER EDUCATION

National Science Scholars

program duplicates the Federal student financial assistance programs. Proposed fiscal year 1996 discretionary funding for programs under the Student Financial Assistance account and mandatory student loan subsidies total \$9.6 billion in budget authority. These programs would make \$35.8 billion in aid available to students. In addition, the Department is requesting a \$9 million increase for the Byrd Honors Scholarship program, which provides scholarships to talented undergraduate students. Over 25,000 students would be served under the Byrd Honors Scholarship program in 1996 under our proposal. In view of the significant level of resources available through these programs, the Administration does not support funding for small, categorical programs, such as the National Science Scholars program.

IMPACT DATA (\$ in 000s)

	1994	1995	1996
Number of new scholars	860	862	0
Average new scholarship	\$1.4	\$1.3	0
Total new scholarship funding	\$1,184	\$1,121	0
Number of NCC scholars	2,381	2,541	0
Average NCC scholarship	\$1.4	\$1.3	0
Total NCC scholarship funding	\$3,279	\$3,303	0

HIGHER EDUCATION

National Academy of Science, Space, and Technology(Excellence in Mathematics, Science and Engineering Education Act of 1990, Title VI, Part C) ¹

1996 Authorization (\$ in 000s): 0

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1995 Revised</u>	<u>1996</u>	<u>Change from 1995 Revised</u>
\$2,000	0	0	0

¹ The Excellence in Mathematics, Science and Engineering Education Act of 1991 was repealed by the Improving America's Schools Act of 1994.

PURPOSE AND METHOD OF OPERATION

This program requires the Secretary to establish a National Academy of Science, Space, and Technology (NASST) for the instruction and preparation of selected individuals for service in a science, mathematics, or engineering related capacity in the employ of the United States or a U.S. corporation. An Advisory Board appointed by the Secretary, and funded from the program's appropriation, is responsible for: developing or selecting an exam for secondary students to test the students' knowledge of science, mathematics and engineering; administering the exam; and selecting the top scorer in each congressional district to receive a scholarship. The scholarship amount is a maximum of \$5,000 per year and can be received for up to 4 years.

Scholars are required to complete 4 years of employment with the U.S. Government or a U.S. corporation engaged in a scientific or engineering research endeavor or postgraduate education or a combination of employment and education. Scholars not meeting this obligation must repay the total amount of awards received, plus interest.

Funding levels for the past 5 fiscal years were as follows:

	(\$ in 000s)
1991	0
1992	0
1993	\$2,161
1994	0
1995	2,000

1995 REVISED REQUEST

The Administration proposes that the 1995 appropriation of \$2 million be rescinded. The authority for this program was repealed by the Improving America's Schools Act of 1994.

HIGHER EDUCATION

National Academy of Science, Space, and Technology

The Administration strongly supports efforts to improve the mathematics and scientific capabilities of American students and is requesting high levels of funding in many of the Federal mathematics and science programs. However, we do not support the NASST program for several reasons. The program's structure is problematic. Scholar selection is based solely on the results of one examination, a selection mechanism that ignores such factors as potential to complete a postsecondary program in mathematics or science. If the Advisory Board determines that no suitable examination exists, the statute requires the Advisory Board to develop a new examination, which cannot be accomplished within current resources. Program funds must be used to administer the program, which reduces the amounts available for scholarships. In addition, the NASST program has a service requirement that will be very difficult to monitor. Finally, because it is duplicative of other Federal programs, the NASST program was recommended for elimination by the National Performance Review.

1996 BUDGET REQUEST

For 1996, no funding is requested for the National Academy of Science, Space, and Technology program. This request is consistent with the Department's 1995 request to rescind funding for this program, which was repealed by the Improving America's Schools Act (P.L. 103-382).

This program duplicates the Federal student financial assistance programs. Proposed fiscal year 1996 discretionary funding for programs under the Student Financial Assistance account and mandatory student loan subsidies total \$9.6 billion in budget authority. These programs would make \$35.8 billion in aid available to students. In addition, the Department is requesting a \$9 million increase for the Byrd Honors Scholarship program, which provides scholarships to talented undergraduate students. Over 25,000 students will be served under the Byrd Honors Scholarship program in 1996 under our proposal. In view of the significant level of resources available through these programs, the Administration does not support funding for small, categorical programs, such as the National Academy of Science, Space, and Technology program.

IMPACT DATA (\$ in 000s)

	1994	1995	1995 Revised	1996
Number of scholars	0	412	0	0
Average scholarship	0	\$4.9	0	0
Total scholarship funding	0	\$2,000	0	0

HIGHER EDUCATION

Douglas teacher scholarships

(Higher Education Act of 1965, Title V, Part C, Subpart 1)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$14,599	0	-\$14,599

PURPOSE AND METHOD OF OPERATION

The Douglas Teacher Scholarship program encourages outstanding secondary school graduates who rank in the top 10 percent of their graduating classes to pursue courses of study at the postsecondary level that lead to teaching careers at the preschool, elementary, or secondary levels.

The Douglas program is administered by State agencies that receive formula grants based on the school-age population in a State compared to the school-age population in all States. The State agencies are responsible for establishing criteria to select scholars, but must give special consideration to individuals who intend to teach students with disabilities, limited English proficient students, or preschool children; to teach in inner city, rural, or geographically isolated schools, or in areas with teacher shortages; or are from disadvantaged backgrounds, including social and ethnic minorities and individuals with disabilities, and are underrepresented in the teaching profession. States must also make particular efforts to attract women or minorities who are interested in mathematics and science teaching careers.

Scholars are eligible to receive scholarships of up to \$5,000 per year for up to 4 years. Recipients must agree to teach for 2 years for each year of supported study or to repay the amount of the scholarship plus interest according to the fraction of the teaching obligation not completed. The requirement is reduced to 1 year of teaching per year of supported study if the scholar teaches in a designated teacher shortage area.

The Secretary is required to conduct an evaluation of the Douglas program and submit a report to the President and the Congress by January 1, 1997. Not more than \$1 million in program funds appropriated in fiscal years 1994 through 1997 may be expended for this purpose. Thus far, approximately \$125,000 in fiscal year 1993 and 1994 funds have been expended to review Douglas program data availability by State and to determine the extent to which existing national databases can be used for comparative purposes. Fiscal year 1995 funds totalling approximately \$300,000 will support data collection and analysis and preparation of a report on the Douglas program.

HIGHER EDUCATION

Douglas teacher scholarships

Funding levels for the past 5 fiscal years were as follows:

	(\$ in 000s)
1991	\$14,639
1992	15,000
1993	14,731
1994	14,731
1995	14,599

1996 BUDGET REQUEST

The Douglas program is proposed for elimination to provide savings as part of the Administration's REGO proposal. This program duplicates the broad-based Eisenhower Professional Development State Grants for which \$735 million is requested in the School Improvement Program account. The Douglas program also duplicates the Federal student financial assistance programs. Proposed fiscal year 1996 discretionary funding for programs under the Student Financial Assistance account and mandatory student loan subsidies total \$9.6 billion in budget authority. These programs would make \$35.8 billion in aid available to students. In addition, the Department is requesting a \$9 million increase for the Byrd Honors Scholarship program, which provides scholarships to talented undergraduate students. Over 25,000 students would be served under the Byrd Honors Scholarship program in 1996 under our proposal. In view of the significant level of resources available through these programs, the Administration does not support funding for small, categorical programs, such as the Douglas Teacher Scholarships program.

IMPACT DATA (\$ in 000s)

	1994	1995	1996
Number of new scholars	736	660	0
Average new scholarship	\$5	\$5	0
Total new scholarship funding	\$3,681	\$3,299	0
Number of NCC scholars	2,200	2,200	0
Average NCC scholarship	\$5	\$5	0
Total new scholarship funding	\$11,000	\$11,000	0
Evaluation	\$50	\$300	0

NOTE—For State listing of Douglas funding, see page 100.

HIGHER EDUCATION

Olympic scholarships

(Higher Education Amendments of 1992, Title XV, Part E)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1995 Revised</u>	<u>1996</u>	<u>Change from 1995 Revised</u>
\$1,000	0	0	0

PURPOSE AND METHOD OF OPERATION

The Olympic Scholarship program was authorized by the Higher Education Amendments of 1992, and received funding for the first time in 1995. Under this program, funds are provided to the United States Olympic Education Center and the United States Olympic Training Center to enable them to provide financial assistance to student athletes who are training at these centers and are pursuing postsecondary education at institutions of higher education. The amount of aid provided is based on the student's need, as determined in accordance with Part F of Title IV of the Higher Education Act. Financial assistance is available to both full-time and part-time students.

Funding levels for the past 5 fiscal years were as follows:

	(\$ in 000s)
1991	0 ¹
1992	0 ¹
1993	0
1994	0
1995	\$1,000

¹ This program was not authorized prior to 1993.

1995 REVISED REQUEST

A rescission of the 1995 appropriation of \$1 million is proposed for this program. This program duplicates the Federal student financial assistance programs. In view of the significant level of resources available through these programs, the Administration does not support funding for small, categorical programs, such as the Olympic Scholarships program.

HIGHER EDUCATION

Olympic scholarships

1996 BUDGET REQUEST

For 1996, the Administration proposes to continue its policy to eliminate funding for the Olympic Scholarships program. Proposed fiscal year 1996 discretionary funding for programs under the Student Financial Assistance account and mandatory student loan subsidies total \$9.6 billion in budget authority. These programs would make \$35.8 billion in aid available to students.

IMPACT DATA (\$ in 000s)

	1994	1995	1995 Revised	1996
U.S. Olympic Education Center:				
Number of scholars	0	50	0	0
Average scholarship	0	\$10	0	0
Total scholarship funding	0	\$498	0	0
U.S. Olympic Training Center:				
Number of scholars	0	50	0	0
Average scholarship	0	\$10	0	0
Total scholarship funding	0	\$498	0	0
Peer review of applications for new awards	0	\$4	0	0

HIGHER EDUCATION

Teacher corps

(Higher Education Act of 1965, Title V, Part C, Subpart 3)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1995 Revised</u>	<u>1996</u>	<u>Change from 1995 Revised</u>
\$1,875	0	0	0

PURPOSE AND METHOD OF OPERATION

The Teacher Corps program provides grants to State education agencies to award Teacher Corps scholarships to students to pursue a teacher preparation course of study. The State grants are also intended to encourage the employment of scholarship recipients at identified Teacher Corps schools.

In years in which the appropriation is less than \$50 million, the Secretary makes competitive grants to States. In years in which the appropriation is greater than \$50 million, the funds are allotted to States based on their respective school-age populations in relation to the school-age population for all States.

States must identify their elementary and secondary schools with the highest level of poverty and lowest levels of student achievement, not exceeding 10 percent of all elementary schools and 10 percent of all secondary schools. These schools are deemed "Teacher Corps schools" where Teacher Corps members are to be placed.

Funds may be used for: scholarships; activities to foster communication among Corps members, including meetings and training sessions; summer pre-service orientation programs; informing Corps members of Teacher Corps schools; and facilitating their hiring and placement.

Scholarships are made for up to 3 years at \$5,000 a year. Each recipient must enter into a written agreement assuring that he or she will pursue a course of study complying with State requirements for teacher preparation, maintain satisfactory academic progress, and work as a teacher for 3 years in a Teacher Corps school. If a scholarship recipient does not comply with the terms of the agreement, he or she must repay all or part of the scholarship. Special consideration is given to minorities when awarding the scholarships.

States may use up to 5 percent of their grants for technical assistance to local education agencies and for administrative costs. An additional 5 percent may be used for "induction" programs to orient participants, and for mentoring programs.

HIGHER EDUCATION

Teacher corps

Funding levels for the past 5 fiscal years were as follows:

	(\$ in 000s)
1991	0 ¹
1992	0 ¹
1993	0
1994	\$1,875
1995	1,875

¹ This program was not authorized prior to 1993.

1995 REVISED REQUEST

The Administration requests that funds appropriated for fiscal year 1995 be rescinded. The Teacher Corps program is administratively complex and difficult to administer. The application process is burdensome to the States, and the repayment provisions require constant monitoring and use extensive Departmental resources. This program also duplicates the Federal student financial assistance programs. In view of the significant level of resources available through these programs, the Administration does not support funding for small, categorical programs, such as the Teacher Corps program.

1996 BUDGET REQUEST

For fiscal year 1996, the Administration proposes to continue its policy to eliminate funding for the Teacher Corps program. This program duplicates the broad-based Eisenhower Professional Development State Grants for which \$735 million is requested in the School Improvement Program account. In addition, proposed fiscal year 1996 discretionary funding for programs under the Student Financial Assistance account and mandatory student loan subsidies total \$9.6 billion in budget authority. These programs would make \$35.8 billion in aid available to students.

IMPACT DATA (\$ in 000s)

	1994	1995	1995 Revised	1996
Number of awards	5	5	0	0
Average award	\$374	\$373	0	0
Total award funding	\$1,870	\$1,870	0	0

HIGHER EDUCATION

Teacher corps

IMPACT DATA (\$ in 000s)

	1994	1995	1995 Revised	1996
Number of scholarships	420	450	0	0
Peer review of applications for new awards	\$5	\$10	0	0

HIGHER EDUCATION

Harris fellowships

(Higher Education Act of 1965, Title IX, Part B)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$20,244	0	-\$20,244

PURPOSE AND METHOD OF OPERATION

The Harris Fellowship program provides competitive grants to institutions of higher education to fund fellowships for minority groups and women who are underrepresented in master's level, professional, and doctoral education programs. Fellowships must support study in fields of high national priority, as established by the Secretary. By law, 50 percent of the amount appropriated supports awards for master's level and professional study, and 50 percent supports awards for doctoral study.

Each fellowship consists of a student stipend to cover living costs and an institutional payment to cover each fellow's tuition and other expenses. The stipend for students who first received Harris fellowships prior to academic year 1993-94 is the lesser of demonstrated need or \$10,000. Beginning in 1994, the stipend for students who are receiving their fellowship for the first time is the lesser of demonstrated need or the level of support equal to that provided by National Science Foundation graduate fellowships (currently \$14,400).

The institutional payment for students who first received Harris fellowships prior to 1993-94 is \$6,000. For students who first received Harris fellowships in 1993-94, it is \$9,000, and for succeeding academic years it is \$9,000, adjusted by the Consumer Price Index.

Master's level and professional students receive fellowships for the lesser of 3 years or the normal period required to complete their program of study. Doctoral students receive Federal fellowship support for 3 years, including 2 years of pre-dissertation support for study or research, and 1 year of support for dissertation work. An institution must provide 2 years of support for each student following the 2 years of pre-dissertation support. The institutions must also provide each student with at least 1 year of supervised training in instruction during the student's doctoral program. However, at the institution's discretion, the institution need not meet the institutional support and supervised training requirements for students who first received fellowships prior to 1993-94.

HIGHER EDUCATION

Harris fellowships

Funding levels for the past 5 fiscal years were as follows:

(\$ in 000s)

1991	\$17,566
1992	17,600
1993	20,427
1994	20,427
1995	20,244

1996 BUDGET REQUEST

This program is proposed for elimination to provide savings as part of the Administration's REGO proposal. The Harris program is duplicative of the Graduate Assistance in Areas of National Need (GAANN) program. Institutions receiving GAANN awards must have policies and procedures designed to ensure the enrollment of talented graduate students from traditionally underrepresented backgrounds, including women and minorities. In addition, GAANN institutions must have social and academic environments that are supportive of the academic success of such students.

This program duplicates the Federal student financial assistance programs. Proposed fiscal year 1996 discretionary funding for programs under the Student Financial Assistance account and mandatory student loan subsidies total \$9.6 billion in budget authority. These programs would make \$35.8 billion in aid available to students, of which approximately \$8.8 billion will be available to graduate students. In view of the significant level of resources available through these programs, the Administration does not support funding for small, categorical programs, such as the Harris Fellowships program.

IMPACT DATA (\$ in 000s)

	1994	1995	1996
Number of new grants	25	149	0
Average new grant	\$66	\$90	0
Number of new fellows	70	574	0
New institution payment	\$9	\$9	0
New stipend	<u>\$14</u>	<u>\$14</u>	<u>0</u>
Average new fellowship	\$23	\$23	0
Total new award funding	\$1,655	\$13,388	0

HIGHER EDUCATION

Harris fellowships

IMPACT DATA (\$ in 000s)

	1994	1995	1996
Number of NCC grants	216	61	0
Average NCC grant	\$87	\$110	0
Number of NCC fellows	976	285	0
Average NCC institution payment	\$7	\$9	0
Average NCC stipend	<u>\$12</u>	<u>\$14</u>	<u>0</u>
Average NCC fellowship	\$19	\$23	0
Total NCC award funding	\$18,772	\$6,738	0
Peer review of applications for new awards	0	\$118	0

HIGHER EDUCATION

Javits fellowships

(Higher Education Act of 1965, Title IX, Part C)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$7,787	0	-\$7,787

PURPOSE AND METHOD OF OPERATION

The Javits Fellowships program provides fellowships of up to 4 years to students of superior ability who are pursuing doctoral degrees in the arts, humanities, and social sciences. Students pursuing a master's degree in arts, humanities, and social sciences fields for which a master's degree is commonly accepted as the appropriate degree for a tenured-track faculty position in a baccalaureate degree-granting institution are also eligible. The Javits Fellowship Board establishes program policies, oversees program operations, annually selects fields of study in which fellowships are to be awarded, determines the numbers of fellowships to be awarded in each designated field, and appoints panels to select fellows. Fellows are selected by means of a national competition on the basis of demonstrated achievement and exceptional promise. They may pursue study at any participating institution of their choice.

Each fellowship consists of a student stipend to cover living costs, and an institutional payment to cover each fellow's tuition and other expenses. The stipend for students who first received Javits fellowships prior to academic year 1993-94 is the lesser of demonstrated need or \$10,000. Beginning in 1994, the stipend for students who are receiving their fellowship for the first time is the lesser of demonstrated need or the level of support equal to that provided by National Science Foundation graduate fellowships (currently \$14,400).

The institutional payment for students who first received Javits fellowships prior to 1993-94 is \$6,000. For students who first received Javits fellowships in 1993-94, it is \$9,000, and for succeeding academic years it is \$9,000, adjusted by the Consumer Price Index.

Funding levels for the past 5 fiscal years were as follows:

(\$ in 000s)

1991	\$7,807
1992	8,000
1993	7,857
1994	7,857
1995	7,787

HIGHER EDUCATION

Javits fellowships

1996 BUDGET REQUEST

This program is proposed for elimination to provide savings as part of the Administration's REGO proposal. Javits recipients need not be from underrepresented groups, and they do not have to be studying in areas of national need. This program duplicates the Federal student financial assistance programs. Proposed fiscal year 1996 discretionary funding for programs under the Student Financial Assistance account and mandatory student loan subsidies total \$9.6 billion in budget authority. These programs would make \$35.8 billion in aid available to students, of which approximately \$8.8 billion will be available to graduate students. In view of the significant level of resources available through these programs, the Administration does not support funding for small, categorical programs, such as the Javits Fellowships program.

IMPACT DATA (\$ in 000s)

	1994	1995	1996
Number of new fellows	81	71	0
New institution payment	\$9	\$9	0
New stipend	<u>\$14</u>	<u>\$14</u>	<u>0</u>
Average new fellowship	\$23	\$23	0
Total new award funding	\$1,922	\$1,730	0
Number of NCC fellows	324	290	0
Average NCC institution payment	\$9	\$9	0
Average stipend	<u>\$9</u>	<u>\$11</u>	<u>0</u>
Average NCC fellowship	\$18	\$20	0
Total NCC award funding	\$5,857	\$5,979	0
Peer review of applications for new awards	\$78	\$78	0

HIGHER EDUCATION

Graduate assistance in areas of national need

(Higher Education Act of 1965, Title IX, Part D)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$27,252	\$27,252	0

PURPOSE AND METHOD OF OPERATION

Graduate Assistance in Areas of National Need (GAANN) provides fellowships to graduate students of superior ability in areas of national need through grants to institutions of higher education. In fiscal year 1995, fellowships will be awarded in the areas of chemistry, engineering, mathematics, physics, biology, and computer and information sciences.

Graduate degree-granting academic programs of institutions of higher education, and such programs in consortium with non-degree-granting institutions that support doctoral dissertation research, are eligible to compete for awards. Applicants must also set forth policies and procedures to assure that they will seek talented students from traditionally underrepresented backgrounds, as determined by the Secretary. Fellowship recipients must have financial need, have excellent academic records, plan teaching or research careers, and plan to pursue the highest degree available in their fields. Fellowships may be received for up to 5 years of study.

Each fellowship consists of a student stipend to cover living costs, and an institutional payment to cover each fellow's tuition and other expenses. The stipend for students who first received GAANN fellowships prior to academic year 1993-94 is the lesser of demonstrated need or \$10,000. Beginning in 1994, the stipend for students who are receiving their fellowship for the first time is the lesser of demonstrated need or the level of support equal to that provided by National Science Foundation graduate fellowships (currently \$14,400).

The institutional payment for students who first received GAANN fellowships prior to 1993-94 is \$6,000. For students who first received GAANN fellowships in 1993-94, it is \$9,000, and for succeeding academic years it is \$9,000, adjusted by the Consumer Price Index.

Institutions must match 25 percent of the Federal grant amount. The institutional match may be used: to provide additional fellowships to graduate students not already receiving institutional or GAANN fellowships; to meet the cost of tuition, fees and other instructional costs that are not covered by the institutional payment; and to supplement the stipend received by a fellow in an amount not to exceed the fellow's financial need. Institutions must also provide fellows with at least 1 year of supervised training in instruction.

HIGHER EDUCATION**Graduate assistance in areas of national need**

Funding levels for the past 5 fiscal years were as follows:

	(\$ in 000s)
1991	\$24,885
1992	28,000
1993	27,498
1994	27,498
1995	27,252

1996 BUDGET REQUEST

The Department requests \$27.3 million for the GAANN program, an amount equal to the 1995 appropriation level. The GAANN proposal supports the National Education Goal that, by the year 2000, every adult American will be literate and will possess the knowledge and skills necessary to compete in a global economy. It does so by rewarding excellence and encouraging continued learning, and by helping students complete their graduate-level education so that they may pursue teaching and research careers in areas of national need. Institutions receiving GAANN awards must have policies and procedures designed to ensure the enrollment of talented graduate students from traditionally underrepresented backgrounds, including women and minorities. In addition, GAANN institutions must have social and academic environments that are supportive of the academic success of such students. Continued funding of the GAANN program provides an important contribution toward our national economic competitiveness. The GAANN program also maximizes the effectiveness of the Federal investment by requiring institutions to provide matching funds.

IMPACT DATA (\$ in 000s)

	1994	1995	1996
Number of new grants	72	49	0
Average new grant	\$225	\$224	0
Number of new fellows	684	469	0
Average new institution payment	\$9	\$9	0
Average new stipend	\$14	\$14	0
Average new fellowship	\$23	\$23	0
Total new award funding	\$16,172	\$10,958	0

HIGHER EDUCATION

Graduate assistance in areas of national need

IMPACT DATA (\$ in 000s)

	1994	1995	1996
Number of NCC grants	44	72	121
Average NCC grant	\$255	\$225	\$225
Number of NCC fellows	563	684	1,132
Average NCC institution payment	\$8	\$9	\$10
Average NCC stipend	\$12	\$14	\$14
Average NCC fellowship	\$20	\$23	\$24
Total NCC award funding	\$11,208	\$16,172	\$27,252
Peer review of applications for new awards	\$118	\$122	0

HIGHER EDUCATION

Faculty development fellowships

(Higher Education Act of 1965, Title IX, Part E)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$3,732	\$3,732	0

PURPOSE AND METHOD OF OPERATION

The Faculty Development Fellowship (FDF) program authorizes competitive 3-5 year grants to institutions of higher education and consortia that have a demonstrated record of enhancing the access to graduate education of individuals from underrepresented groups. Grants support three types of fellowships:

- Prospective Faculty Development Fellowships are for financially needy, talented baccalaureate degree recipients from underrepresented groups who wish to obtain a doctoral degree and enter the higher education professorate.
- Experienced Faculty Development Fellowships are for talented current college faculty from underrepresented groups who wish to continue in the higher education professorate and obtain a doctoral degree.

Prospective and Experienced Faculty Fellowships consist of stipends that may not exceed the lesser of demonstrated need or the level of support equal to that provided by National Science Foundation graduate fellowships (currently \$14,400). Fellows may receive awards for up to 5 years. Following receipt of their doctorate, they must teach 1 year for every year for which a fellowship was received, at an IHE where minority students are likely to benefit from the fellows' experience and academic training. Fellows who do not receive their doctorates or who do not fulfill their teaching obligation must repay a pro-rata amount of fellowship assistance received, plus interest and collection costs.

- Faculty Professional Development Fellowships are for talented current faculty from underrepresented groups who wish to participate in short-term professional development programs specifically designed to advance the careers of underrepresented minorities. Examples of eligible activities include seminars, conferences, and workshops. Federal funds may be used only to meet the costs of fellows' instruction, out-of-town travel expenses, and per diem expenses for food and lodging during the period of the activity.

HIGHER EDUCATION**Faculty development fellowships**

Funding levels for the past 5 fiscal years were as follows:

	(\$ in 000s)
1991	0 ¹
1992	0 ¹
1993	0
1994	\$3,500
1995	3,732

¹ This program was not authorized prior to 1993.

1996 BUDGET REQUEST

The Department requests \$3.7 million for the FDF program, an amount equal to the 1995 appropriation level. The FDF program supports achievement of the National Education Goal that, by the year 2000, the Nation's teaching force will have access to programs for the continued improvement of their professional skills and the opportunity to acquire the knowledge and skills needed to instruct and prepare all American students for the challenges they may face in the 21st century. The FDF program helps meet this Goal by providing current faculty from underrepresented groups with the opportunity to obtain doctoral degrees and to participate in short-term professional development programs specifically designed to advance the careers of underrepresented minorities.

Our 1996 proposal would provide continued support to underrepresented faculty pursuing doctoral degrees, thereby allowing such faculty the opportunity to acquire additional knowledge and skills needed to teach challenging subject matter. The 1996 proposal also would fund additional professional development activities, including seminars, conferences, and workshops, that would provide faculty from underrepresented groups with the knowledge and skills needed to teach an increasingly diverse student population.

IMPACT DATA (\$ in 000s)

	1994	1995	1996
Experienced Faculty			
Development Fellowships:			
Number of new grants	13	0	0
Average new grant	\$178	0	0
Number of fellows	158	0	0
Average fellowship	\$15	0	0
Total new award funding	\$2,313	0	0

HIGHER EDUCATION

Faculty development fellowships

IMPACT DATA (\$ in 000s)

	1994	1995	1996
Number of NCC grants	0	13	13
Average NCC grant	0	\$178	\$178
Number of NCC fellows	0	158	158
Average NCC fellowship	0	\$15	\$15
Total NCC award funding	0	\$2,318	\$2,318
Faculty Professional Development Fellowships:			
Number of new grants	7	1	0
Average new grant	\$167	\$211	0
Number of new fellows	408	60	0
Average new fellowship	\$3	\$4	
Total new award funding	\$1,172	\$211	0
Number of NCC grants	0	8	9
Average NCC grant	0	\$150	\$157
Number of NCC fellows	0	468	468
Average NCC fellowship	0	\$3	\$3
Total NCC award funding	0	\$1,203	\$1,414
Peer review of applications for new awards	\$15	0	0

HIGHER EDUCATION

School, college and university partnerships

(Higher Education Act of 1965, Title I, Part A)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$3,893	\$3,893	0

PURPOSE AND METHOD OF OPERATION

This program supports projects that: improve retention and graduation rates at secondary schools; improve the academic skills of public and private nonprofit secondary school students; increase student opportunities to continue their education after secondary school; and enhance students' prospects for employment after secondary school.

An institution of higher education, a State higher education agency, or a consortium of such and its secondary school partner are eligible to compete for a discretionary grant after entering into a written and binding partnership agreement. A partnership may also include businesses, labor organizations, and other private or public agencies. The agreement, signed by all parties, must include a listing of all partnership participants, the responsibilities of each, and a listing of resources to be contributed by each participant.

Grants of up to 5 years may range from \$250,000 to \$1 million. Federal funds provide no more than 70-percent of the cost of the project in the first year, 60-percent in the second year, and 50-percent in the third year and subsequent years. However, the Secretary may waive the matching requirement for any eligible partnership that demonstrates a unique hardship that would prevent compliance with the matching requirement.

Funding levels for the past 5 fiscal years were as follows:

(\$ in 000s)

1991	\$3,904
1992	4,000
1993	3,928
1994	3,928
1995	3,893

HIGHER EDUCATION

School, college and university partnerships

1996 BUDGET REQUEST

For 1996, the Administration is requesting \$3.9 million for the School, College and University Partnerships program, the same as the 1995 appropriation. The Administration believes that institutions of higher education and American businesses have a vested interest in ensuring that American secondary schools produce students who are well prepared to enter higher education or the workplace. The fiscal year 1996 request would support projects designed to strengthen educational excellence for eligible secondary school students by encouraging partnership agreements between high schools, institutions of higher education, businesses, organizations, and community agencies.

IMPACT DATA (\$ in 000s)

	1994	1995	1996
Number of new awards	12	0	4
Average new award	\$326	0	\$313
Total new award funding	\$3,907	0	\$1,253
Number of NCC awards	0	11	8
Average NCC award	0	\$354	\$325
Total NCC award funding	0	\$3,893	\$2,600
Number of participants	7,158	7,158	7,865
Cost per participant	\$.549	\$.544	\$.495
Peer review of applications for new awards	\$21	0	\$40

HIGHER EDUCATION

Legal training for the disadvantaged

(Higher Education Act of 1965, Title IX, Part F)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$2,964	0	-\$2,964

PURPOSE AND METHOD OF OPERATION

The Legal Training for the Disadvantaged program assists minority, low-income or educationally disadvantaged college graduates to pursue law degrees and service in the legal profession. The Department is authorized to award a biennial, noncompetitive grant to the Council on Legal Education Opportunity (CLEO) to administer this program. CLEO is permitted to use up to 6 percent of the grant for administrative costs.

Each year, CLEO recruits participants for a summer institute. Successful summer institute participants are then eligible to become CLEO Fellows and to participate in the academic-year program through their three years of law school.

The funding for this program may be used to pay for such services as: a 6-week summer law institute to prepare eligible students for legal studies; assistance and counseling on admission to accredited law schools; an academic-year instructional program; tutorial services; personal and professional counseling; and other related activities. Funds may also pay student stipends, including allowances for travel, for participants and for their dependents.

CLEO conducts a nationwide search for candidates to participate in this program. Participants must be persons who wish to become lawyers, but who have been unable to gain admission to law school because of economic disadvantages, marginal academic credentials, or both. Applications are submitted to the CLEO central office for an initial screening and then forwarded to regional panels who make the final selections of law school fellows.

Funding levels for the past 5 fiscal years were as follows:

	(\$ in 000s)
1991	\$2,928
1992	3,045
1993	2,991
1994	2,991
1995	2,964

HIGHER EDUCATION

Legal training for the disadvantaged

1996 BUDGET REQUEST

This program is proposed for elimination to provide savings as part of the Administration's REGO proposal. As the program has increased its visibility and demonstrated its effectiveness, funding from non-Federal sources (such as the American Bar Association) has increased to approximately 40 percent of the total support for CLEO. Funding from private sources should continue even if Federal appropriations are no longer provided.

Although Federal support for fellowships under this program would be eliminated, grants and loans would continue to be available to disadvantaged individuals through the Department's student financial assistance programs.

IMPACT DATA (\$ in 000s)

	1994	1995	1996
Number of fellows	450	350	0
Average stipend	\$6	\$7	0
Number of summer institutes	6	5	0
Federal cost of all institutes	\$251	\$250	0
Administrative costs	\$180	\$120	0

HIGHER EDUCATION

Byrd Honors Scholarships

State or Outlying Area	1994	1995	1996
Alabama	\$313,500	\$472,500	\$618,000
Alaska	51,000	78,000	102,000
Arizona	292,500	442,500	577,500
Arkansas	184,500	279,000	364,500
California	2,284,500	3,439,500	4,498,500
Colorado	261,000	393,000	514,500
Connecticut	214,500	324,000	423,000
Delaware	48,000	72,000	94,500
Florida	873,000	1,314,000	1,720,500
Georgia	513,000	772,500	1,009,500
Hawaii	81,000	123,000	160,500
Idaho	97,500	147,000	192,000
Illinois	859,500	1,294,500	1,693,500
Indiana	426,000	642,000	840,000
Iowa	219,000	328,500	430,500
Kansas	198,000	298,500	390,000
Kentucky	285,000	429,000	561,000
Louisiana	361,500	546,000	714,000
Maine	90,000	135,000	177,000
Maryland	340,500	513,000	670,500
Massachusetts	384,000	577,500	756,000
Michigan	720,000	1,084,500	1,419,000
Minnesota	351,000	529,500	693,000
Mississippi	220,500	331,500	433,500
Missouri	393,000	591,000	774,000
Montana	67,500	102,000	133,500
Nebraska	129,000	195,000	255,000
Nevada	93,000	141,000	184,500
New Hampshire	79,500	120,000	157,500
New Jersey	520,500	784,500	1,026,000
New Mexico	135,000	204,000	267,000
New York	1,233,000	1,857,000	2,430,000
North Carolina	472,500	712,500	931,500
North Dakota	51,000	78,000	100,500
Ohio	817,500	1,233,000	1,612,500
Oklahoma	252,000	381,000	498,000
Oregon	223,500	337,500	441,000
Pennsylvania	819,000	1,234,500	1,615,500
Rhode Island	64,500	99,000	129,000
South Carolina	271,500	408,000	534,000
South Dakota	60,000	91,500	118,500
Tennessee	360,000	543,000	709,500
Texas	1,444,500	2,176,500	2,848,500
Utah	192,000	291,000	379,500
Vermont	42,000	63,000	82,500
Virginia	441,000	664,500	870,000
Washington	388,500	586,500	766,500
West Virginia	133,500	201,000	262,500
Wisconsin	391,500	589,500	771,000
Wyoming	42,000	63,000	82,500
District of Columbia	30,000	45,000	60,000
Puerto Rico	343,500	517,500	678,000
American Samoa	15,000	30,000	45,000
Northern Marianas	30,000	45,000	60,000
Guam	30,000	45,000	60,000
Virgin Islands	15,000	30,000	45,000
Marshall Islands	15,000	30,000	45,000
Micronesia	15,000	30,000	45,000
Palau	15,000	30,000	45,000
Undistributed	574	500	500
TOTAL	\$19,295,000	\$29,117,000	\$38,117,000

HIGHER EDUCATION
Douglas Teacher Scholarships

State or Outlying Area	1994	1995	1996
Alabama	\$243,560	\$233,746	0
Alaska	40,142	38,525	0
Arizona	227,630	218,458	0
Arkansas	143,467	137,686	0
California	1,772,027	1,700,627	0
Colorado	202,644	194,479	0
Connecticut	150,000	159,975	0
Delaware	42,105	22,784	0
Florida	677,190	649,903	0
Georgia	397,696	381,671	0
Hawaii	0	60,655	0
Idaho	75,351	72,315	0
Illinois	666,891	640,019	0
Indiana	330,586	317,265	0
Iowa	172,681	162,632	0
Kansas	153,690	147,497	0
Kentucky	236,196	212,093	0
Louisiana	281,122	269,795	0
Maine	69,848	67,033	0
Maryland	264,056	253,417	0
Massachusetts	297,507	285,519	0
Michigan	558,749	536,235	0
Minnesota	272,626	261,641	0
Mississippi	170,672	163,795	0
Missouri	304,574	292,301	0
Montana	60,000	50,364	0
Nebraska	100,226	96,188	0
Nevada	0	69,600	0
New Hampshire	61,903	59,409	0
New Jersey	403,892	387,618	0
New Mexico	105,054	100,821	0
New York	956,886	918,330	0
North Carolina	366,682	351,907	0
North Dakota	36,615	38,231	0
Ohio	634,664	609,091	0
Oklahoma	195,894	188,001	0
Oregon	173,871	166,865	0
Pennsylvania	635,867	610,246	0
Rhode Island	50,638	48,597	0
South Carolina	210,363	201,887	0
South Dakota	46,805	44,919	0
Tennessee	279,614	268,348	0
Texas	1,121,658	1,076,462	0
Utah	75,000	143,531	0
Vermont	32,446	31,138	0
Virginia	342,496	328,695	0
Washington	302,043	289,873	0
West Virginia	103,251	99,091	0
Wisconsin	303,727	291,489	0
Wyoming	0	31,152	0
District of Columbia	37,442	35,934	0
Puerto Rico	266,848	256,096	0
American Samoa	4,267	4,095	0
Northern Marianas	2,431	2,333	0
Guam	9,955	9,554	0
Virgin Islands	8,202	7,871	0
Palau	1,249	1,198	0
Evaluation	50,000	300,000	0
TOTAL	\$14,731,000	\$14,599,000	0

Department of Education
HOWARD UNIVERSITY
Fiscal Year 1996 Budget Request

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HOWARD UNIVERSITY

For partial support of Howard University (20 U.S.C. 121 et seq.), [\$206,463,000] ~~\$195,963,000~~, of which \$3,530,000, to remain available until expended, shall be for a matching endowment grant to be administered in accordance with the Howard University Endowment Act (Public Law 98-480)[, \$5,000,000, to remain available until expended, shall be for general construction needs at the University and \$5,500,000, to remain available until expended, shall be for the establishment of a Law School Clinical Center to be administered under the same terms and conditions as the Centers established and funded under Public Laws 99-88 and 100-517 with not more than \$1,000,000 to be used for construction]¹. (*Department of Education Appropriations Act, 1995.*)

HOWARD UNIVERSITY

Analysis of Language Provisions and Changes

Language Provision	Explanation
¹ ...\$5,000,000, to remain available until expended, shall be for general construction needs at the University and \$5,500,000, to remain available until expended, shall be for the establishment of a Law School Clinical Center to be administered under the same terms and conditions as the Centers established and funded under Public Laws 99-88 and 100-517 with not more than \$1,000,000 to be used for construction...	This citation is deleted because no funds are requested for general construction or for a Law School Clinical Center.

HOWARD UNIVERSITY

Amounts Available for Obligation
(\$ in 000s)

	1994	1995	1996
<u>Current authority:</u>			
Annual appropriation	\$192,686	\$206,463	\$195,963
Recovery of prior year obligations	44	---	---
Unobligated balance, start of year	10,946	8,657	8,657
Unobligated balance, end of year	<u>-8,657</u>	<u>-8,657</u>	<u>-8,657</u>
Total obligations	195,019	206,463	195,963

Obligations by Object
(\$ in 000s)

	1994	1995	1996
Grants, subsidies and contributions	\$195,019	\$206,463	\$195,963

HOWARD UNIVERSITY

Summary of Changes
(\$ in 000s)

1995	\$206,463
1996	195,963
Net change	-10,500

	<u>1995 base</u>	<u>Change from base</u>
<u>Decreases:</u>		
<u>Built in:</u>		
Decrease in Clinical Law Center due to one time appropriation to build an endowment to cover operating costs of a Clinical Law Center	\$5,500	-\$5,500
Decrease in Construction due to one time appropriation funding for emergency construction needs identified by the University	5,000	<u>-5,000</u>
Subtotal, decreases		-10,500
Net change		-10,500

HOWARD UNIVERSITY

Authorizing Legislation

Activity	1995 Authorized	1995 Estimate	1996 Authorized	1996 Request
Academic program (20 U.S.C. 123)	Indefinite	\$158,330,000	Indefinite	\$158,330,000
Endowment grant (P.L. 98-480)	---	3,530,000	---	3,530,000
Research (20 U.S.C. 123)	1	4,614,000	1	4,614,000
Howard University Hospital (20 U.S.C. 128)	Indefinite	29,489,000	Indefinite	29,489,000
Clinical law center (P.L. 99-88 (99 Stat. 305))	Indefinite	5,500,000	---	---
Emergency construction (20 U.S.C. 123)	2	5,000,000	---	---
	Indefinite	5,000,000	Indefinite	---
Total definite authorization	---	206,463,000	---	195,963,000
Total appropriation				

¹ Under Title II of P.L. 98-480, the Howard University Endowment Act, \$2 million was authorized. The authorization expired in 1987 when the \$2 million was appropriated. In subsequent years, appropriations language earmarked funds to be used under the terms and conditions of the Act.

² Under P.L. 103-333, Howard University was authorized \$5.5 million to remain available until expended, for the establishment of a Clinical Law Center to be administered under the same terms and conditions as the Centers established and funded under P.L. 99-88 and P.L. 100-517, with not more than \$1 million of the total amount to be used for construction.

HOWARD UNIVERSITY

Table of Estimates and Appropriations
(\$ in 000s)

	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1987	\$157,170	\$170,230	\$162,170	\$170,230
1988	170,230	179,865	174,230	172,203
1989	175,647	180,647	176,147	178,479
1989 Reapportionment	500	500	---	494
1990	184,904	184,904	178,928	182,446
1991	185,446	200,036	195,536	195,215
1991 Sequester	---	---	---	-2
1992	190,932	212,960	199,131	212,360
1993	197,250	195,278	189,135	195,570
1993 Reduction	---	---	---	-1,565
1994	192,686	192,686	192,686	192,686
1995	192,896	206,463	192,896	206,463
1996	195,963			

HOWARD UNIVERSITY

Significant Items in FY 1995 Appropriations ReportsHoward University Foreign Student Tuition Surcharge

- Senate:** The Committee notes that the 50-percent foreign student tuition surcharge has now been in effect since the beginning of the 1992-93 academic year. The Committee had previously expressed concern about the possible hardship that this surcharge might create for students from poor countries, and had encouraged the development of a process for waiving the surcharge for foreign students who could demonstrate financial need. The Committee has been informed that the surcharge has indeed caused such hardship, and that the enrollment of foreign students at Howard has declined since the surcharge was implemented. The Committee also understands that a waiver process has been greatly hindered by the lack of reliable financial data from students and their families. In light of these difficulties, and in view of the value of foreign students to the Howard community and mission, the Committee directs the Department to repeal the surcharge, effective with the beginning of the 1994-95 academic year.
- Conference:** The conferees are agreed that the foreign student surcharge at Howard University should be repealed effective with the beginning of the Spring semester of the 1994-1995 academic year instead of during the Fall semester as proposed in the Senate report.
- Response:** The Department has notified the University that it will no longer be required to charge a tuition surcharge to foreign students beginning with the Spring semester of the 1994-95 academic year. It is the Administration's policy however, that the purpose of the Federal appropriation for Howard University remains to provide support for American students. If the University chooses to drop the surcharge, the Administration will not regard that action as reasonable justification for any increase in Federal funding.

HOWARD UNIVERSITY

Summary of Request
(\$ in 000s)

	1995	1996	Change
Academic program	\$158,330	\$158,330	0
Endowment grant	3,530	3,530	0
Research	4,614	4,614	0
Howard University Hospital	29,489	29,489	0
Clinical law center	5,500	0	-\$5,500
Construction	<u>5,000</u>	<u>0</u>	<u>-5,000</u>
Total	206,463	195,963	-10,500

For 1996, the Administration requests \$195.963 million for Howard University, a decrease of \$10.5 million from the 1995 appropriation. This decrease is a result of the Administration's proposal to eliminate funding for the Clinical Law Center and for general construction. The Administration is however, requesting level funding for the Academic, Endowment, Research, and University Hospital programs.

The Administration's continued support for Howard University reflects a commitment to improving educational opportunities for minorities and to decreasing differences in degree-completion rates between minority students and other students--an objective of the national education goal of adult literacy and lifelong learning.

For the academic program, the Administration requests \$158.33 million, the same as in fiscal year 1995. This funding level will assist the University in meeting its operating expenses and continuing services that are important to the quality of the educational experience at Howard University, such as improved student services and salaries for faculty and staff.

The Administration's long-term goal is to improve Howard University's financial strength and stability and to reduce its dependency on direct Federal financial assistance. An active fund-raising program leading to a strong and healthy endowment is critical to achieving this goal. Encouraged by the incentives provided by the matching endowment program, the University has demonstrated the capability to match ever-larger endowment appropriations--literally doubling its total University endowment in the 9 years that the Federal endowment program has been in operation. The Administration believes that this momentum should continue to be encouraged and supported.

For the research program, the Administration proposes \$4.614 million, which reflects level funding from the 1995 appropriation. Funding for the research program will continue to assist the University to pursue one of the key goals of the Howard 2000 report--making Howard University a research institution of the first rank.

HOWARD UNIVERSITY

Summary of Request -- Continued

The Administration requests level funding for the Howard University Hospital which would support renovations to several departments and for equipment upgrades and replacements needed to comply with the various requirements and codes regulating medical institutions.

The Administration is not requesting additional funding for the Clinical Law Center and general construction for the University, an overall decrease of \$10.5 million from the 1995 appropriation. Funding for the Clinical Law Center program was a one-time appropriation for an endowment program (\$4.5 million)--which is expected to generate operational support in future years--and for construction (\$1 million) of a Clinical Law Center for the University. The separate appropriation of \$5 million for general Construction activities was also a one-time appropriation for specific emergency construction and renovation needs cited by the University.

HOWARD UNIVERSITY

Academic program

(20 U.S.C. 123)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$158,330	\$158,330	0

PURPOSE AND METHOD OF OPERATION

Howard University, located in Washington, DC, has 17 schools and colleges. It maintains a comprehensive program in undergraduate liberal arts instruction, and also offers programs at the undergraduate professional, graduate, and graduate professional levels. Howard University offers the Master's degree in over 85 fields and the Doctor of Philosophy degree in 24 fields.

To support its academic programs, the University provides library services, administrative support, and research opportunities for approximately 11,725 students. These programs and services support the University's goal of expanding the opportunities of graduates, particularly minorities, in fields in which they are still underrepresented.

In fiscal year 1994, the direct Federal appropriation for the academic and research programs net approximately 52 percent of the University's total educational and general (E&G) costs, and the University received an additional \$47.6 million through other Federal grants and contracts.

Funding levels for the past 5 fiscal years were as follows:

	(\$ in 000s)
1991	\$155,513
1992	153,515
1993	150,764
1994	154,835
1995	158,330

1996 BUDGET REQUEST

The 1996 request of \$158.33 million will continue to enable Howard to attract some of the "best and brightest" students--thereby supporting two of the main goals of Howard 2000--increasing enrollments while raising academic standards. Presently, the University provides approximately \$34 million of its unrestricted revenues to its students in the form of financial aid. When combined with the number of students receiving Federal financial aid, a total of 92 percent of Howard students receive some form of Federal or non-Federal student financial aid.

HOWARD UNIVERSITY

Academic program

In addition, according to the University, the number of undergraduate students citing finances as the main reason for not enrolling at Howard is increasing. Continued funding of this program would help the University maintain a high level of academic excellence and the ability to provide aid to students in order to both attract and retain quality students.

Recruitment and retention of quality faculty also remains a priority to ensure the continued success of the University's academic programs. Higher salaries and other incentives from competitor institutions have caused Howard to lose valuable faculty members. Howard's staff compensation must also keep pace with the comparable institutions in the Metropolitan Washington area in order to attract and retain quality personnel. Continued funding support for the academic program in the form of level funding will allow the University to continue improving staff compensation.

IMPACT DATA (\$ in 000s) (All Impact Data was provided by Howard University)

	1994	1995	1996
Total number of students	11,839	11,590	11,725
Number of FTE students	8,888	8,700	8,800
Graduate student population:	3,496	3,430	3,470
Black students	2,654	2,600	2,630
Foreign students	530	520	530
All other students	312	310	310
Undergraduate student population:	8,343	8,160	8,255
Black students	7,589	7,435	7,520
Foreign students	537	525	535
All other students	217	200	200
Graduate students receiving			
Federal financial aid	1,449	1,463	1,478
Average amount of Federal financial aid received by graduate students	\$14	\$14	\$14
Undergraduate students receiving			
Federal financial aid	3,556	3,591	3,627
Average amount of Federal financial aid received by undergraduates	\$6	\$6	\$6

HOWARD UNIVERSITY

Academic program

IMPACT DATA (\$ in 000s) (All Impact Data was provided by Howard University)

	1994	1995	1996
Foreign graduate students receiving Federal financial aid ¹	183	158	187
Foreign undergraduates receiving Federal financial aid ¹	317	320	323
Foreign graduate students receiving non-Federal financial aid ¹	286	289	292
Foreign undergraduates receiving non-Federal financial aid ¹	382	386	390
Average amount of Federal financial aid received by foreign students:			
Graduate	\$14	\$15	\$15
Undergraduate	\$6	\$6	\$6
Average amount of non-Federal financial aid received by foreign students:			
Graduate	\$6	\$6	\$6
Undergraduate	\$2	\$2	\$2
Number of graduate students with family income less than \$40,000	1,449	1,463	1,478
Number of undergraduates with family income of less than \$40,000	3,486	3,638	3,820
Number of faculty:			
Full-time	1,168	1,168	1,168
Part-time	297	297	297
Serving without compensation	280	280	280
Total faculty	1,745	1,745	1,745
Number of non-faculty staff	2,091	1,774	1,774
Number of Baccalaureates awarded:			
Black students	1,178	1,160	1,135
Foreign students	134	125	120
All other students	37	35	35

¹ Permanent residents

HOWARD UNIVERSITY

Academic program

IMPACT DATA (\$ in 000s) (All Impact Data was provided by Howard University)

	1994	1995	1996
Number of Ph.D.s awarded:			
Black students	37	40	45
Foreign students	24	23	22
All other students	2	2	2
Average faculty salary by academic status:			
Professor	\$66	\$69	\$69
Associate Professor	\$48	\$52	\$52
Assistant Professor	\$40	\$39	\$39
Instructor	\$32	\$30	\$30
Cost of tuition:			
Graduate School of Arts and Sciences	\$8	\$9	\$9
Undergraduate	\$7	\$7	\$7
Medicine	\$13	\$14	\$14
Dentistry	\$10	\$11	\$11
Law	\$10	\$10	\$10
Additional fees:			
Graduate	\$.4	\$.4	\$.4
Undergraduate	\$.4	\$.4	\$.4
Revenues from tuition and fees	\$87,009	\$86,215	\$87,200
Tuition and fees as a percentage of overall revenue	26.1%	25.9%	26.1%
Total Federal and non-Federal revenue	\$333,090	\$333,005	\$333,844
Total non-Federal revenue	\$135,558	\$138,205	\$140,900
Total amount of expenditures	\$333,090	\$333,005	\$333,844
Educational and general expenditures (E&G)	\$305,121	\$303,609	\$303,844
Expenditures on instruction	\$124,388	\$124,396	\$128,456
All other expenditures	\$27,970	\$29,396	\$30,000

HOWARD UNIVERSITY

Endowment grant

(P.L. 98-480)

1996 Authorization (\$ in 000s): Indefinite ¹

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$3,530	\$3,530	0

¹ Endowment funding is authorized under the general statute.

PURPOSE AND METHOD OF OPERATION

Howard University's matching endowment grant program is designed to assist the University in meeting its future needs and to increase its financial strength and independence by stimulating private contributions. Howard receives these Federal funds as an endowment grant provided that it matches the grant through non-Federal contributions. The endowment fund generates income from low-risk investments that can be used to support operating programs, salaries, services, construction, or research. Up to 50 percent of the income earned each year can be withdrawn to help meet the University's operating costs. Funds appropriated for this activity are available until expended.

Funding levels for the past 5 fiscal years were as follows:

	(\$ in 000s)
1991	\$2,928
1992	2,928
1993	3,351
1994	3,441
1995	3,530

1996 BUDGET REQUEST

The 1996 request for the endowment program is \$3.53 million, which is the same as the 1995 appropriation. Since the inception of the program in 1985, the University has matched all \$22.33 million appropriated and is confident of its ability to keep this fund-raising momentum going. In fact, the University's endowment has doubled since the inception of the Federal endowment program.

HOWARD UNIVERSITY

Endowment program

IMPACT DATA (\$ in 000s) (All Impact Data was provided by Howard University)

	1994	1995	1996
Funds raised by the University	\$7,858	\$9,000	\$3,530
Federal match	\$3,441	\$3,530	\$3,530
Amount of revenue from endowment income	\$2,931	\$3,515	\$4,000
Percentage of total revenue from endowment income	0.9%	1.1%	1.2%
End of fiscal year value of matching endowment fund	\$48,362	\$48,214	\$52,564
End of fiscal year total value of endowment fund	\$120,698	\$134,000	\$143,000
End of fiscal year total value endowment fund (including funds not Federally matched)	\$120,698	\$134,000	\$143,000

HOWARD UNIVERSITY

Research

(20 U.S.C. 123)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$4,614	\$4,614	0

PURPOSE AND METHOD OF OPERATION

Federal funding of research activities was first proposed in 1985 as a supplement to improve Howard's capacity to compete for and acquire research grants. The research activity funds post-doctoral fellowships, primarily in scientific disciplines, and laboratory equipment, and contributes to the continued progress of Howard's graduate and professional programs.

Funding levels for the past 5 fiscal years were as follows:

	(\$ in 000s)
1991	\$4,616
1992	4,616
1993	4,533
1994	4,655
1995	4,614

1996 BUDGET REQUEST

The 1996 budget request of \$4.6 million for Howard University research is the same as the 1995 appropriation. The Federal appropriation for research helps Howard University to build its research capacity and to compete successfully for research grants.

To attract, develop, and retain outstanding research-oriented faculty, the University is continuing to improve the physical facilities available for research. As in past years, part of the 1996 research funds will be used to fund internal faculty research grants of approximately \$45,000 to \$50,000 each, primarily in the fields of science and engineering. This Faculty Research Support Grants Program (FRSGP) is designed to support capacity-building "base" research, which will enhance research capabilities and expertise and thereby improve the University's position in bidding for external grants and contracts.

HOWARD UNIVERSITY

Research

IMPACT DATA (\$ in 000s) (All Impact Data was provided by Howard University)

	1994	1995	1996
Revenues from restricted grants and contracts:			
Federal	\$34,086	\$25,856	\$30,000
Non-Federal	\$12,791	\$13,944	\$14,000
Revenues from unrestricted grants and contracts:			
Federal	\$4,655	\$4,614	\$4,614
Non-Federal	\$704	\$441	\$500
Revenue from all Federal, State, and private sector restricted and unrestricted grants, contracts, and other research-related sources as a percentage of total operating budget	15.7%	13.5%	14.7%
Total expenditures from Federal revenues:			
Basic research	\$1,500	\$1,500	\$1,500
R&D plant	\$1,700	\$1,613	\$1,613
New equipment	\$225	\$225	\$225
Administration	\$1,230	\$1,276	\$1,276

HOWARD UNIVERSITY

Howard University Hospital
 (20 U.S.C. 128)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$29,489	\$29,489	0

PURPOSE AND METHOD OF OPERATION

Howard University Hospital serves as a major acute and ambulatory care center for the inner city of Washington, DC. It is a 516-bed inpatient hospital with emergency facilities, and it operates 74 specialty clinics in its Ambulatory Care Department. The hospital is a major teaching facility that trains physicians in 19 specialty areas. In addition, it serves as a laboratory for numerous nursing and other paramedical trainees from both Howard University and other training institutions. The hospital continues to provide leadership in many areas, most notably in the fields of radiation therapy, organ transplant, and renal dialysis. Operations of the hospital are partially financed through Federal appropriations, receipts from medical services rendered by group and individual hospitalization insurance policies, funds supplied by the Medicare program, and contractual agreements for patient care services with the District of Columbia government and other local jurisdictions.

Funding for Howard University Hospital traditionally has been included in the Department of Education's appropriation request because the hospital functions as a teaching facility attached to Howard University School of Medicine. Federal funding policy for the hospital has always been based on an agreement between the Federal Government and the University that the hospital would become self-supporting over time, as was stated in the law that transferred Freedman's Hospital to Howard University.

Funding levels for the past 5 fiscal years were as follows:

	(\$ in 000s)
1991	\$28,300
1992	28,301
1993	28,973
1994	29,755
1995	29,489

HOWARD UNIVERSITY

Howard University Hospital

1996 BUDGET REQUEST

The Administration is proposing \$29.489 million for the Howard University Hospital program, the same as the 1995 appropriation. This proposed level of funding will allow the University to adapt to the changing requirements of health care by maintaining the financial and clinical information system capabilities and an integrated health care delivery system, developing a primary care network, and strengthening quality assurance programs.

IMPACT DATA (\$ in 000s) (All Impact Data was provided by Howard University)

	1994	1995	1996
Total Hospital revenue	\$185,250	\$180,763	\$189,801
Total revenues from the District of Columbia (Medicaid & medical charities)	\$45,029	\$39,822	\$39,822
Percentage of total revenue from:			
Federal appropriation	16.1%	16.3%	15.5%
Medicare and medical charities	24.3%	22.0%	21.0%
Other Federal sources (Medicare)	22.8%	26.3%	27.3%
Patient services collectible	15.3%	13.7%	13.7%
Patient services uncollectible	15.1%	17.5%	18.3%
Other non-Federal sources	6.5%	4.2%	4.2%
Total Hospital expenditures	\$185,109	\$180,763	\$189,801

HOWARD UNIVERSITY

Clinical Law Center

(P.L. 99-88 (99 Stat. 305))

1996 Authorization (\$ in 000s): 0

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$5,500	0	-\$5,500

PURPOSE AND METHOD OF OPERATION

The purpose of the Clinical Law Center to be established at the Howard University School of Law is to supplement the civil legal services provided to grantees of the Legal Services Corporation; and to conduct continuing legal education courses and seminars to prepare practicing attorneys for pro bono legal service. Under the program, no grantee shall receive legal services who would otherwise be disqualified by law or regulation from receiving such service from a Legal Services Corporation.

This Clinical Law Center is the Nation's first Federally-funded program to be located at a historically black law school. Howard is especially well-suited to operate a clinical law center, given its long tradition of service to the economically disadvantaged, and its history of producing well-trained public service lawyers.

There are significant numbers of low-income African-American, Hispanic, and Asian residents in the metropolitan Washington area. Howard University and its Law School are deeply committed to developing a superior clinical legal education program that will provide representation to these residents, and to senior citizens, and other disadvantaged persons in the area.

Funding levels for the past 5 fiscal years were as follows:

	(\$ in 000s)
1991	0
1992	0
1993	0
1994	0
1995	\$5,500

HOWARD UNIVERSITY

Clinical Law Center

1996 BUDGET REQUEST

The Administration is requesting no funding for the Clinical Law Center. Funding for the Clinical Law Center was a one-time appropriation for endowment (\$4.5 million) and construction (\$1 million) of the Clinical Law Center for the University. The funds provided for endowment are expected to generate sufficient revenues to support operations in future years.

HOWARD UNIVERSITY

Construction

(P.L. 99-88 (99 Stat. 305))

1996 Authorization (\$ in 000s): 0

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$5,000	0	-\$5,000

PURPOSE AND METHOD OF OPERATION

The 1995 funding for construction will primarily be used for activities to bring existing University facilities into fire code compliance—such as replacement and installation of fire alarm systems, doors, exit signs and emergency lights in 53 of the University's buildings. Additional construction projects to be funded in fiscal year 1995 include the repair of the air handling system currently in use at the University's Cancer Center.

Funding levels for the past 5 fiscal years were as follows:

	(\$ in 000s)
1991	0
1992	0
1993	0
1994	0
1995	\$5,000

1996 BUDGET REQUEST

The Administration proposes no funding for construction in 1996. The Administration does not believe that it is appropriate for the Federal Government to assume responsibility for financing the capital outlay needed to maintain or expand the physical plant of institutions of higher education—including Howard University. Responsibility for this type of fundamental institutional support lies with institutions themselves, through bond financing and aggressive fund-raising efforts with alumni and private sector beneficiaries of higher education services.

HOWARD UNIVERSITY

Construction

IMPACT DATA (\$ in 000s) (All Impact Data was provided by Howard University)

	1994	1995	1996
Total expenditures for construction	\$19,900	\$12,700	\$13,500
Amount raised through bond issue	0	0	0
Amount of unused bond authority	\$46,495	\$48,210	\$48,210

Department of Education

HIGHER EDUCATION FACILITIES LOANS

Fiscal Year 1996 Budget Request

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HIGHER EDUCATION FACILITIES LOANS

The Secretary is hereby authorized to make such expenditures, within the limits of funds available under this heading and in accord with law, and to make such contracts and commitments without regard to fiscal year limitation, as provided by section 104 of the Government Corporation Control Act (31 U.S.C. 9104), as may be necessary in carrying out the program for the current fiscal year. (*Department of Education Appropriations Act, 1995.*)

HIGHER EDUCATION FACILITIES LOANS

Amounts Available for Obligation
(\$ in 000s)

	1994	1995	1996
<u>Permanent authority:</u>			
Spending authority from offsetting collections from Non-Federal sources:			
Loan repayments	\$7,024	\$5,405	\$4,928
Interest revenue	<u>2,090</u>	<u>2,046</u>	<u>1,854</u>
Subtotal, gross budget authority	9,114	7,451	6,782
Recovery of prior-year obligations	253	0	0
Unobligated balance, start of year	13,101	11,146	3,524
Unobligated balance, end of year	-11,146	-3,524	-3,390
Capital transfer to general fund	<u>-8,500</u>	<u>-11,549</u>	<u>-3,526</u>
Total obligations	2,822 ¹	3,524 ¹	3,390 ¹

¹ Includes the following amounts for reimbursable activities carried out by this account:
1994- \$2.7million; 1995- 2.7 million; 1996- \$2.7 million.

HIGHER EDUCATION FACILITIES LOANS

Obligations by Object
(\$ in 000s)

	1994	1995	1996
Reimbursable obligations:			
Interest and dividends	\$2,822	\$3,524	\$3,390

HIGHER EDUCATION FACILITIES LOANS

Summary of Changes
(\$ in 000s)

1995 Obligations	\$3,524
1996 Obligations	<u>3,390</u>
Net change	-134

	<u>1995 base</u>	<u>Change from base</u>
<u>Decreases:</u>		
<u>Built in:</u>		
Lower outstanding Treasury debt decreases interest expenses.	\$3,524	-\$134
Net change		-134

HIGHER EDUCATION FACILITIES LOANS

Table of Estimates and Appropriations
(\$ in 000s)

	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1987	\$19,205	\$19,205	\$19,205	\$19,205
1988	0	0	0	0
1989	0	0	0	0
1990	0	0	0	0
1991	0	0	0	0
1992	0	0	0	0
1993	0	0	0	0
1994	0	0	0	0
1995	0	0	0	0
1996	0	0	0	0

HIGHER EDUCATION FACILITIES LOANS

Higher education facilities loans

(Higher Education Act of 1965, Title VII, Part C)

1996 Authorization (\$ in 000s): Indefinite

	<u>1995</u>	<u>1996</u>	<u>Change</u>
Obligations	\$3,524	\$3,390	-\$134

PURPOSE AND METHOD OF OPERATION

This Higher Education Facilities Loans (HEFL) account supports the management of loans made prior to 1982. The HEFL portfolio includes loans made for construction, reconstruction, renovation, and equipping of higher education academic facilities. This financing is intended to help States, local communities, and individual higher education institutions build, renovate, and maintain academic and research facilities and equipment; provide facilities for advanced skill training programs related to emerging technologies; accommodate unusual increases or programmatic shifts in enrollment; meet various Federal, State, and local facilities requirements with regard to access for the handicapped, health and safety, environmental protection, and hazardous waste disposal; remove asbestos hazards in existing facilities; and preserve significant architecture.

Direct interest-subsidized loans were made from a revolving fund to institutions of higher education and higher education building agencies prior to 1982. Currently, the program simply manages and services the existing portfolio of prior year loans. This has included carrying out loan collections and property disposition activities, the prepayment discount program, loan sales, and resolution of defaulted loans. The loan fund receives revenue from principal repayments and interest on prior year loans. If offsetting collections are insufficient to finance the program's operating costs, direct appropriations are required to cover the difference.

Funds from the loan fund are used to pay interest expenses on Treasury-provided loan capital and loan sale fees and commissions. The interest rate paid by institutions for loans financed with appropriated capital (averaging about 4 percent) is less than the interest rate which must be paid by the Department of Education to the Department of the Treasury on the outstanding balance amount, (7.75 percent in 1995 and 7.68 percent for 1996). For 1996, operating income, including revenue from loan repayments, is expected to be sufficient to finance all expenses.

Credit Management Improvements. The Department continues to pursue the collection of debt payments from institutions in default. These efforts, which have centered on negotiating prepayment and discount payment options for institutions in chronic default, continue to reduce the outstanding defaulted debt held by the Department.

HIGHER EDUCATION FACILITIES LOANS

Higher education facilities loans

1996 BUDGET REQUEST

No changes for this program are proposed for fiscal year 1996. For Higher Education Facilities Loans, no appropriation and no authorization to make new loan commitments are requested. Resources of the fund (derived through loan repayments, interest revenue, discounted prepayments, and other income) are expected to be sufficient to finance all program operating costs in 1996.

IMPACT DATA (\$ in 000s)

	1994	1995	1996
New loan commitments	0	0	0
Outstanding loans, end of year			
Total volume	\$62,282	\$56,877	\$51,949
Default volume	\$2,996	\$2,729	\$2,480
Percentage in default	4.8%	4.8%	4.8%
Collections			
Principal repayments	\$7,024	\$5,405	\$4,928
Interest repayments	\$2,090	\$2,046	\$1,854

Department of Education

COLLEGE HOUSING AND ACADEMIC FACILITIES LOANS PROGRAM

Fiscal Year 1996 Budget Request

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COLLEGE HOUSING AND ACADEMIC FACILITIES LOANS PROGRAM

For [the costs of direct loans, as authorized by title VII, part C, of the Higher Education Act, as amended, \$168,000: *Provided*, That such costs, including costs of modifying such loans, shall be defined in section 502 of the Congressional Budget Act of 1974 and that these funds are available to subsidize gross obligations for the principal amount of direct loans of not to exceed \$10,000,000: *Provided further*, That obligated balances of these appropriations will remain available until expended, notwithstanding the provisions of 31 U.S.C. 1552(a), as amended by Public Law 101-510. In addition, for]¹ administrative expenses to carry out the existing direct loan program of college housing and academic facilities loans entered into pursuant to title VII, part C, of the Higher Education Act, as amended, [\$1,022,000] \$1,027,000.
(*Department of Education Appropriations Act, 1995.*)

Note--Each language provision that is followed by a footnote reference is explained in the Analysis of Language Provisions and Changes document that follows the appropriation language.

(Rescission Proposal)

COLLEGE HOUSING AND ACADEMIC FACILITIES LOANS PROGRAM

Of the funds made available under this heading in Public Law 103-333 for the costs of direct loans, as authorized under part C of title VII of the Higher Education Act, as amended, \$168,000 are rescinded and the authority to subsidize gross obligations is repealed.

COLLEGE HOUSING AND ACADEMIC FACILITIES LOANS PROGRAMS

Analysis of Language Provisions and Changes

Language Provision	Explanation
¹ ...[the costs of direct loans, as authorized by title VII, part C, of the Higher Education Act, as amended, \$168,000: <i>Provided</i>, That such costs, including costs of modifying such loans, shall be defined in section 502 of the Congressional Budget Act of 1974 and that these funds are available to subsidize gross obligations for the principle amount of direct loans of not to exceed \$10,000,000: <i>Provided further</i>, That obligated balances of these appropriations will remain available until expended, notwithstanding the provisions of 31 U.S.C. 1552(a), as amended by Public Law 101-510. In addition, for...]	Language is deleted because no new loans are proposed for the College Housing and Academic Facilities Loans Program in 1996.

COLLEGE HOUSING AND ACADEMIC FACILITIES LOANS PROGRAM

Amounts Available for Obligation
(\$ in 000s)

	1994	1995	1996
<u>Current authority:</u>			
Annual appropriation	\$730	\$1,190	\$1,027
Proposed rescission	<u>0</u>	<u>-168</u>	<u>0</u>
Subtotal, current authority	<u>730</u>	<u>1,022</u>	<u>1,027</u>
Total obligations	730	1,022	1,027

COLLEGE HOUSING AND ACADEMIC FACILITIES LOANS PROGRAM

Obligations by Object
(\$ in 000s)

	1994	1995	1995 Revised	1996
Personnel Compensation	\$423	\$363	\$363	\$379
Benefits	63	79	79	85
Benefits for former personnel	<u>12</u>	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal, Personnel compensation & benefits	498	442	442	464
Travel	4	27	27	27
Rental payments to GSA	43	46	46	48
Communications, utilities, and miscellaneous charges	3	12	12	13
Printing	0	3	3	2
Advisory and assistance services	0	49	49	41
Other services	11	13	13	13
Interagency agreements	166	427	427	416
Supplies and materials	1	3	3	3
Equipment	4	0	0	0
Subtotal Federal administration	730	1,022	1,022	1,027
Grants, subsidies, and contributions	<u>0</u>	<u>168</u>	<u>0</u>	<u>0</u>
Total	730	1,190	1,022	1,027

COLLEGE HOUSING AND ACADEMIC FACILITIES LOANS PROGRAM

Summary of Changes

(\$ in 000s)

1995	\$1,190
1995 Proposed rescission	<u>-168</u>
Total budget authority	1,022
1996	<u>1,027</u>
Net change	+5

	<u>1995 base</u>	<u>Change from base</u>
<u>Increases:</u>		
<u>Built in:</u>		
Increase in personnel compensation for annualization of 1995 3.22 percent pay raise; proposed 1996 pay increases; and one more pay day in 1996	\$363	+\$16
Increase in benefits for the Government's share of health, retirement, and other benefits	79	+6
Increase in GSA rental payments, due to estimated rate increase for current space holdings	46	+2
Increase in communications, utilities, and miscellaneous charges	12	<u>+1</u>
Subtotal, increases		+25

COLLEGE HOUSING AND ACADEMIC FACILITIES LOANS PROGRAM

Summary of Changes
(\$ in 000s)

	<u>1995 base</u>	<u>Change from base</u>
<u>Decreases:</u>		
<u>Program:</u>		
Slight decrease in printing and advising and assistance services due to completion of some initial credit reform tasks.	52	-9
Decrease in purchase of services from the government attributable to the termination of an interagency agreement for engineering resources	427	<u>-11</u>
Subtotal, decreases		-20
Net change		+5

COLLEGE HOUSING AND ACADEMIC FACILITIES LOANS PROGRAMS

Authorizing Legislation

Activity	1995 Authorized	1995 Estimate	1996 Authorized	1996 Request
Federal administration (<i>Federal Credit Reform Act of 1990, section 505(e)</i>)	Indefinite	\$1,022,000	Indefinite	\$1,027,000
Loan subsidies (HEA-VII-C)	Indefinite	0	Indefinite	0

COLLEGE HOUSING AND ACADEMIC FACILITIES LOANS PROGRAM

Table of Estimates and Appropriations
(\$ in 000s)

	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1992	---	---	\$8,097	\$8,095
1993	\$740	\$3,730	3,722	3,700
1994	730	730	730	730
1995	1,022	1,156	1,190	1,190
1995 Rescission	-168			
1996	1,027			

COLLEGE HOUSING AND ACADEMIC FACILITIES LOANS (LIQUIDATING)

Table of Estimates and Appropriations
(\$ in 000s)

	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation ¹
1987	0	\$90,000	\$40,000	\$60,000
1988	0	90,000	40,000	62,231
1989	\$1,675	63,906	1,675	31,315
1990	5,129	35,129	5,129	35,129
1991	13,449	38,449	13,449	37,726
1991 Sequester				-381
1992	3,598	3,598	3,598	3,598
1993	3,523	3,523	3,523	3,523
1994	5,885	5,885	5,885	5,885
1995	5,484	5,484	5,484	5,484
1996	3,554			

¹ Prior to 1992, amounts reflect authority to borrow for new loan commitments and annual appropriation to pay the interest expense on funds borrowed from Treasury to finance loans to schools. Beginning in 1992, amounts are provided by permanent authority for interest payments to the Treasury for liquidating prior-year loans.

COLLEGE HOUSING AND ACADEMIC FACILITIES LOANS (LIQUIDATING)

Significant Items in FY 1995 Appropriations ReportsCHAFL--College Student Housing Cooperatives

House: While no funds were requested in the President's budget for new loans, the Committee believes there is a continuing need for Federal assistance for the construction of housing for postsecondary students. The Committee is aware of the interest of several college housing cooperatives in using these loans for new construction and rehabilitation to expand housing opportunities and encourages the Secretary to consider these requests when distributing new loan funds.

Senate: It has been brought to the Committee's attention that several schools are exploring cooperative ventures to renovate affordable housing for low-income college students and their families. The Committee directs the Department to give high priority to projects that will preserve or expand the availability of affordable student housing, provide access to higher education for low-income students, have formed public-private partnerships, and are operated on a cooperative basis. The Amazon Family Housing project at the University of Oregon would be particularly suited to receive a loan under this program.

Conference: [The conference agreement] provides authority to make \$10,000,000 in new loans as proposed by the Senate instead of \$8,000,000 as proposed by the House.

The conferees are concerned by the sharply rising costs of college housing and the fact that no loans have been made to college housing cooperative for at least a decade. Therefore, consistent with the Secretary's authority to designate student housing cooperatives as a priority, the conferees direct the Department to use these funds for awards to student housing cooperatives.

Response: The Department has proposed that funds appropriated for the College Housing and Academic Facilities Loans program in 1995 be rescinded because providing funds to institutions of higher education for renovation and construction supplants State, local, and private support. Moreover, restarting a terminated program and administering a complicated competition for an extremely small number of awards would not be efficient. Based on current subsidy calculations, the \$168,000 in appropriated loan subsidy funds would be sufficient to subsidize only \$840,000 in loans. Current statutory and regulatory provisions prohibit awarding loans of under \$250,000 and also require that no State receive more than 12.5 percent of available funds. Therefore, no new loans will be made in fiscal year 1995.

COLLEGE HOUSING AND ACADEMIC FACILITIES LOANS (LIQUIDATING)**Significant Items in FY 1995 Appropriations Reports****CHAFL--Loan Forgiveness**

- Senate: The Committee directs the Secretary to develop and issue regulations implementing section 783, and to submit to the Committee an estimate of the number of eligible institutions and the funding required to carry out this authority.
- Response: The Department is currently studying the budgetary implications of implementing this program, including the potential scope of institutional eligibility and the need for regulations. If the Secretary were to determine that this is an appropriate program to implement, he would seek a discretionary appropriation as required by the Federal Credit Reform Act of 1990.

COLLEGE HOUSING AND ACADEMIC FACILITIES LOANS PROGRAM

Summary of Request
(\$ in 000s)

	1995	1995 Revised	1996	Change from 1995 Revised
College housing and academic facilities loans program:				
Loan subsidies	\$168	0	0	0
(Loan limitation--non add)	(10,000)	0	0	0
Federal administration	<u>1,022</u>	<u>\$1,022</u>	<u>\$1,027</u>	<u>+\$5</u>
Total	1,190	1,022	1,027	+5

COLLEGE HOUSING AND ACADEMIC FACILITIES LOANS PROGRAM**Summary of Request -- Continued**

The College Housing and Academic Facilities Loans Program authorizes direct low interest rate loans to postsecondary educational institutions for construction, reconstruction, and renovation of housing and other educational facilities. This program is only partially self-financing and will never fully pay for itself; the Department of Education is currently paying interest to Treasury on liquidating account loans at an interest rate approximately 3 percentage points higher than the schools' interest rate.

It is not an appropriate Federal role to provide annual appropriations to support the general infrastructure needs of postsecondary educational institutions; therefore no funds are requested for new loans under this program. In addition, the Administration proposes that \$168,000 subsidy appropriated for new loans in fiscal year 1995 be rescinded. Based on current subsidy calculations, \$168,000 will support only \$840,000 in new loans. The impact of subsidizing a small amount of loans (even if statutory and regulatory allocation requirements prohibiting such a competition were to be waived) would be negligible and the competition would require a significant investment of personnel resources. For fiscal year 1996, the request of \$1,027,000 covers the cost of administering the current portfolio.

The Administration believes that the College Construction Loan Insurance Association, known as Connie Lee, provides a more appropriate mechanism to help meet postsecondary education facilities' needs. Since the Department of Education's and the Student Loan Marketing Association's initial capitalization of Connie Lee, the company has provided insurance or reinsurance for almost \$10 billion of debt service on construction of academic facilities. As a result, more than 1,000 higher education facilities projects have been supported in the last seven years.

COLLEGE HOUSING AND ACADEMIC FACILITIES LOANS PROGRAM

Loan subsidies

(Higher Education Act, Title VII, Part C)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

	<u>1995</u>	<u>1995 Revised</u>	<u>1996</u>	<u>Change from 1995 Revised</u>
Loan subsidies	\$168	0	0	0
(Loan limitation--non add)	<u>(10,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	168	0	0	0

PURPOSE AND METHOD OF OPERATION

The College Housing and Academic Facilities Loans (CHAFL) Program account supports financing for the reconstruction, renovation, and construction of undergraduate academic facilities, housing and other postsecondary educational facilities for students and faculty. The priority is on renovation and reconstruction of older academic facilities and undergraduate academic facilities that have gone without major renovation or reconstruction for an extended period. Institutions receive direct interest-subsidized loans made from a general fund. This financing is intended to help higher education institutions finance reconstruction and renovation activities on more favorable terms than have otherwise been available through the private sector. Applicants eligible for the loans include undergraduate postsecondary institutions, certain technical or vocational institutions, teaching hospitals, and public and private nonprofit college housing corporations and agencies.

Competition for the loans is based on the facilities renovation, reconstruction or housing needs, fiscal integrity and financial need of applicant institutions and agencies. Commitments for new loans are generally made in one fiscal year for disbursement in succeeding fiscal years during the construction, renovation, or acquisition phase of the projects.

Loans have been made for amounts from \$250,000 to \$3.0 million. Schools are required to pay an interest rate of 1/4 percent above the rate paid by the Department to borrow capital from Treasury, up to a maximum of 5.5 percent, and with a repayment period of up to 30 years.

Unless interest on long-term Treasury securities falls below 5.25 percent for an extended period, repayments by colleges and universities will not be at a level that will eliminate the need for a loan subsidy appropriation. No loan subsidies were requested in fiscal year 1994, and the \$168,000 for loan subsidies in fiscal year 1995 are proposed for rescission.

Collections of principal and interest from borrowers are used to repay principal and interest owed to Treasury in accordance with notes issued to secure loan capital. Collections are not used for new loans.

COLLEGE HOUSING AND ACADEMIC FACILITIES LOANS PROGRAM

Loan subsidies

Funding levels for the past 5 fiscal year were as follows:

	(\$ in 000s)
1991	— ¹
1992	\$7,539
1993	2,973
1994	0
1995	0

¹ Prior to 1992, loan subsidies were not appropriated.

1995 REVISED REQUEST

The Department has proposed that funds appropriated for the College Housing and Academic Facilities Loans program in 1995 be rescinded because providing funds to institutions of higher education for renovation and construction supplants State, local, and private support. Moreover, restarting a terminated program and administering a complicated competition for an extremely small number of awards would not be efficient. Based on current subsidy calculations, the \$168,000 in appropriated loan subsidy funds would be sufficient to subsidize only \$840,000 in loans. Current statutory and regulatory provisions prohibit awarding loans of under \$250,000 and also require that no State receive more than 12.5 percent of available funds. Therefore, no new loans will be made in fiscal year 1995.

1996 BUDGET REQUEST

No loan limitation or corresponding loan subsidies funding is requested for the CHAFL Program account in fiscal year 1996. For the following reasons, the Department believes that no further loans should be authorized under this program:

- No Federal role - The Federal Government should not bear responsibility for financing the capital outlay needed to generally maintain the physical plant of institutions of higher education. Responsibility for this type of fundamental institutional support lies with colleges and universities themselves, State and local governments, taxpayers at those levels, and private sector users and beneficiaries of higher education services.
- College Construction Loan Insurance Association - The College Construction Loan Insurance Association (Connie Lee), was created by the Higher Education Amendments of 1986 to specifically assist colleges and universities in obtaining low-cost long-term financing by providing primary insurance and reinsurance for the financing of construction or renovation of academic facilities, housing and associated furniture and equipment. Primary insurance or reinsurance on privately secured loans, bonds, and other construction debt instruments assists an education institution by improving its credit rating, allowing it to borrow at better interest rates and generally helping it obtain financing to meet its facilities needs.

COLLEGE HOUSING AND ACADEMIC FACILITIES LOANS PROGRAM

Federal administration

(Federal Credit Reform Act of 1990, section 505(e))

1995 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

	<u>1995</u>	<u>1996</u>	<u>Change</u>
Personnel costs	\$442	\$464	+\$22
Non-personnel costs	<u>580</u>	<u>563</u>	<u>-17</u>
Total	1,022	1,027	+5
 FTE employees	 8	 8	 0

PURPOSE AND METHOD OF OPERATION

Funds for this activity pay the Federal costs of administering the College Housing and Academic Facilities Loans program.

These costs include the personnel compensation and benefits for 8 FTE and for other administrative activities, including a share of the Department's common support services such as rent and telecommunications attributable to the College Housing and Academic Facilities Loans program. The major non-personnel cost items are the administrative and technical support for the program, especially in meeting credit reform requirements, provided by other Federal agencies and contractual arrangements. An agreement with the Department of Health and Human Services provides engineering services and another with the Federal Reserve Bank in Richmond provides loans servicing. Costs for such services will be incurred for the foreseeable future to handle the current loan portfolio.

Funding levels for the past 5 fiscal year were as follows:

	(\$ in 000s)
1991	— ¹
1992	\$556
1993	727
1994	730
1995	1,022

¹ Prior to 1992 funds were provided in the Program Administration account.

COLLEGE HOUSING AND ACADEMIC FACILITIES LOANS PROGRAM**Federal administration**

1996 BUDGET REQUEST

For presentation purposes, Federal administrative costs and FTE financed by the College Housing and Academic Facilities Loans Program account are included in the total costs discussed in the justification materials for the Salaries and Expenses Overview. A summary of Federal administrative costs for the College Housing and Academic Facilities Loans program is included at the beginning of this account justification section on page S-5.

Department of Education

COLLEGE HOUSING LOANS

Fiscal Year 1996 Budget Request

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COLLEGE HOUSING LOANS

Pursuant to title VII, part C of the Higher Education Act, as amended, for necessary expenses of the college housing loans program, previously carried out under title IV of the Housing Act of 1950, the Secretary shall make expenditures and enter into contracts without regard to fiscal year limitation using loan repayments and other resources available to this account. Any unobligated balances becoming available from fixed fees paid into this account pursuant to 12 U.S.C. 1749d, relating to payment of costs for inspections and site visits, shall be available for the operating expenses of this account. (*Department of Education Appropriations Act, 1995.*)

COLLEGE HOUSING LOANS

Amounts Available for Obligation
(\$ in 000s)

	1994	1995	1996
Permanent authority:			
Spending authority from			
offsetting collections from non-Federal sources:			
Loan repayments	\$36,941	\$33,447	\$32,344
Interest revenue	<u>16,842</u>	<u>15,437</u>	<u>14,591</u>
Subtotal, gross budget authority	53,783	48,884	46,935
Recovery of prior-year obligations	4,389	0	0
Unobligated balance, start of year	32,660	30,613	30,513
Unobligated balance, end of year	-30,613	-30,513	-25,246
Redemption of debt:	<u>-49,300</u>	<u>-36,483</u>	<u>-40,741</u>
Total obligations	10,919 ¹	12,501 ¹	11,461 ¹

¹ Includes the following amounts for reimbursable activities carried out by this account:
1994- \$10.2 million; 1995- 9.2 million; 1996- \$7.3 million.

COLLEGE HOUSING LOANS

Obligations by Object
(\$ in 000s)

	1994	1995	1996
Revolving fund obligations:			
Other services:			
Facilities Management expenses	\$145	\$1	\$135
Investment and dividends	10,774	12,500	11,326
Total obligations	10,919	12,501	11,461

COLLEGE HOUSING LOANS

Summary of Changes
(\$ in 000s)

1995 Obligations	\$12,501
1996 Obligations	11,461
Net change	-1,040

	<u>1995 base</u>	<u>Change from base</u>
<u>Increases:</u>		
<u>Program:</u>		
Architectural and engineering services were previously expensed in the Program and Administration account	1	+134

<u>Decreases:</u>		
<u>Built in:</u>		
The interest expense will continue to decrease as the outstanding balance decreases	12,500	-1,174
Net change		-1,040

COLLEGE HOUSING LOANS

College Housing Loans

(Higher Education Act, Title VII, Part C)

1996 Authorization (\$ in 000s): Indefinite

	<u>1995</u>	<u>1996</u>	<u>Change</u>
Obligations	\$12,501	\$11,461	-\$1,040

PURPOSE AND METHOD OF OPERATION

The College Housing Loans account supports the management of loans made prior to 1987, under Title IV of the Housing Act of 1950, for the construction, reconstruction and renovation of student and faculty housing. Direct, subsidized loans were made from a revolving fund to undergraduate postsecondary institutions, certain technical or vocational institutions, teaching hospitals, and public and private nonprofit college housing corporations and agencies. Authorizing legislation does not support new loan activity.

Currently the program simply manages and services the existing portfolio of prior-year loans. The activities include loan collections and property disposition activities, the discounted prepayment program, and resolution of defaulted loans. The loan fund is made up of the following: funds borrowed from the Treasury to finance loans and to pay for program operating costs; principal repayments and interest revenue on prior year loans; proceeds from discounted prepayments and loan sales to the public. These funds are used for: interest expenses on borrowed Treasury funds used to make prior year loans; facilities management expenses incurred in administering the program's loan portfolio; and, in the past, loan sale fees and commissions to cover costs incurred in selling to the public portions of the outstanding loan portfolio.

In 1994, the Treasury debt obligation was reduced to \$519 million; \$49 million in available cash was returned to Treasury. All resources of the fund not required to finance expenses are returned to the Treasury to reduce the total debt obligation.

College Housing Loans

1996 BUDGET REQUEST

For College Housing Loans, no funds are requested to pay for program operating costs. This is the same request as in fiscal year 1995. Principal repayments and interest revenue on prior year loans will be adequate to pay for program operating costs in 1996.

IMPACT DATA (\$ in 000s)

	1994	1995	1996
Outstanding loans, end of year			
Total volume.....	\$518,855	\$489,591 ¹	\$457,247 ¹
Default volume.....	14,111	12,256	10,501
Percent in default.....	2.7%	2.5%	2.3%
New volume ²			
Disbursements.....	700	4,183	0
Collections			
Principal Repayments.....	36,941	33,447	32,344
Interest.....	16,842	15,437	14,591

¹ Reflect the latest estimates for outstanding loan volume (updated from loan volume shown in the President's Budget Appendix).

² Disbursement of loan commitments made prior to 1987.

Department of Education

HISTORICALLY BLACK COLLEGE AND UNIVERSITY CAPITAL FINANCING
PROGRAM ACCOUNTFiscal Year 1996 Budget Request

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HISTORICALLY BLACK COLLEGE AND UNIVERSITY CAPITAL FINANCING
PROGRAM ACCOUNT

The total amount of bonds insured pursuant to section 724 of title VII, part B of the Higher Education Act shall not exceed \$357,000,000, and the cost, as defined in section 502 of the Congressional Budget Act of 1974, of such bonds shall not exceed zero.

For administrative expenses to carry out the Historically Black College and University Capital Financing Program entered into pursuant to title VII, part B of the Higher Education Act, as amended, [\$347,000] \$166,000. (*Department of Education Appropriations Act, 1995.*)

**HISTORICALLY BLACK COLLEGE AND UNIVERSITY CAPITAL FINANCING
PROGRAM ACCOUNT**

Amounts Available for Obligation
(\$ in 000s)

	1994	1995	1996
<u>Current authority:</u>			
Annual appropriation	\$200	\$347	\$166
Total obligations	174	347	166

**HISTORICALLY BLACK COLLEGE AND UNIVERSITY CAPITAL FINANCING
PROGRAM ACCOUNT**

Obligations by Object
(\$ in 000s)

	1994	1995	1996
Personnel Compensation			
Full-time permanent	\$90	\$90	\$93
Other than full-time permanent	2	5	5
Other personnel compensation	<u>1</u>	<u>1</u>	<u>2</u>
Total personnel compensation	93	96	100
Civilian personnel benefits	14	20	21
Benefits for former personnel	3	0	0
Travel and transportation of persons	4	21	21
Rental payments to GSA	7	7	7
Communications, utilities and miscellaneous charges	2	3	3
Printing and reproductions	0	2	2
Advisory & assistance services	35	187	0
Other Services	14	3	3
Purchases of goods and services from Government accounts	2	3	3
Supplies and materials	0	3	3
Equipment	<u>0</u>	<u>2</u>	<u>3</u>
Total	174	347	166

**HISTORICALLY BLACK COLLEGE AND UNIVERSITY CAPITAL FINANCING
PROGRAM ACCOUNT**

Summary of Changes
(\$ in 000s)

1995	\$347
1996	166
Net change	-181

	<u>1995 base</u>	<u>Change from base</u>
<u>Increases:</u>		
<u>Built-in:</u>		
Increase in personnel compensation for annualization of 1995 3.22 percent pay raise; proposed 1995 pay increases for GS employees; career-ladder promotions and one more paid day in 1996	\$90	+3
Increase in benefits for the Government's share of health, retirement, and other benefits	20	+1
<u>Program:</u>		
Increase in awards due to improved customer service	1	+1
Increase in central ADP services	2	+1
Subtotal, increases		+6
<u>Decreases:</u>		
<u>Program:</u>		
Decrease in advisory and assistance services due to termination of financial/service contract	187	-187
Subtotal, decreases		-187
Total, net change		-187

HISTORICALLY BLACK COLLEGE AND UNIVERSITY CAPITAL FINANCING PROGRAM ACCOUNT

Authorizing Legislation
(\$ in 000s)

Activity	1995 Authorized	1995 Estimate	1996 Authorized	1996 Request
Federal administration (<i>Federal Credit Reform Act of 1990, section 505(e)</i>)	Indefinite	\$347	Indefinite	\$166

**HISTORICALLY BLACK COLLEGE AND UNIVERSITY CAPITAL FINANCING
PROGRAM ACCOUNT**

Table of Estimates and Appropriations
(\$ in 000s)

	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1994	\$200	\$200	\$200	\$200
1995	347	347	347	347
1996	166			

**HISTORICALLY BLACK COLLEGE AND UNIVERSITY CAPITAL FINANCING
PROGRAM ACCOUNT**

Significant Items in FY 1995 Appropriations Reports

HBCU Capital Financing Program - Implementation

Conference: The conferees wish to make clear their intention that the appropriation language agreed to provide authority to initiate this program in 1995 if its startup is delayed beyond September 30, 1994.

Response: On November 29, 1994 an agreement was signed with Pryor, McClendon, Counts and Company to serve as the "Designated Bonding Authority." The DBA is expected to start receiving applications during the second quarter of fiscal year 1995.

HISTORICALLY BLACK COLLEGE AND UNIVERSITY CAPITAL FINANCING PROGRAM ACCOUNT

Program Overview

The Historically Black College and University (HBCU) Capital Financing Program Account, authorized under Title VII, part B of the Higher Education Act, as amended, improves access for HBCUs to private-sector financing for the repair, renovation, and construction of classrooms, libraries, laboratories, dormitories, instructional equipment and research instrumentation. Capital projects that require renovation and repair have priority over construction and acquisition projects. The Department is authorized to provide financial insurance to guarantee construction bonds and to select a private for-profit "Designated Bonding Authority" (DBA) to assist in implementing this program. Loans are made from the proceeds of the sale of bonds by the DBA, with 10 percent of overall loan principal placed in an escrow account to cover possible defaults.

Eligible applicants are "Historically Black Colleges and Universities" as defined in section 322(2) of the Higher Education Act, and Lincoln University of Pennsylvania. Howard University is not an eligible applicant. Qualifying institutions must demonstrate the capacity to repay the loan in a timely manner, in accordance with the terms of the loan agreement. Loan amounts must permit capital projects of sufficient size and scope to contribute significantly to the educational program of eligible institutions.

The loan capital for the HBCU Capital Financing Program Account is raised in the taxable bond market by the DBA. The DBA issues taxable construction bonds backed by the full faith and credit of the United States Government to the extent of the Department's line of credit with the Treasury. The total amount of insured bonds and unpaid accrued interest may not exceed \$375,000,000 -- \$250,000,000 for private HBCUs and \$125,000,000 for public HBCUs. The principal amount of outstanding bonds insured may not exceed \$357,000,000. The cost of issuance can not exceed 2 percent of the principal value of the bonds. Loan disbursements will occur over two fiscal years.

The DBA is required to deposit 10 percent of the principal amount of the loans into an escrow account to cover possible delinquencies and defaults. Institutions will receive their remaining share of escrow account deposits following scheduled repayment of their loans, provided that the escrow fund is at least 10 percent of the outstanding principal balance of all loans.

The program is expected to be self-financing. Borrowers' interest rates must be sufficient to meet bond repayments. Delinquencies are not expected to exceed the escrow account reserves.

As required by statute, the Department has selected members to serve on the HBCU Capital Financing Advisory Board. This board advises the Secretary and the DBA on the most effective and efficient ways to support HBCU construction financing.

The Federal Credit Reform Act of 1990 requires that the administrative cost of the program be accounted for separately from bond subsidies and credit limitations. Information on administrative costs is provided in the following activity narrative.

**HISTORICALLY BLACK COLLEGE AND UNIVERSITY CAPITAL FINANCING
PROGRAM ACCOUNT**

Program Overview -- Continued

IMPACT DATA (\$ in 000s)

The following impact data reflect preliminary estimates available at the time of budget preparation and are based on anticipated demand and the DBA's ability to implement and market the program. The DBA is expected to provide the Department with additional loan disbursement projections as loans are approved. The Secretary intends to promote the availability of low-cost funding under this program and to encourage institutions to use these funds for facilities in dire need of repair.

	1994	1995	1996
Bond issues:			
Total amount	0	\$170,000	\$187,000
Number	0	2	2
Total new loans:			
Private HBCU amount	0	120,000	118,000
Public HBCU amount	0	50,000	69,000
Participating institutions:			
Private HBCUs	0	25	15
Public HBCUs	0	10	15

HISTORICALLY BLACK COLLEGE AND UNIVERSITY CAPITAL FINANCING PROGRAM**Federal administration**

(Federal Credit Reform Act of 1990, section 505(e))

1996 Authorization (\$ in 000s): Indefinite

Budget Authority: (\$ in 000s)

	<u>1995</u>	<u>1996</u>	<u>Change</u>
Personnel Costs	\$116	\$121	+\$5
Non-Personnel Costs	<u>231</u>	<u>45</u>	<u>-186</u>
Total	347	166	-181
FTE employees	2	2	0

PURPOSE AND METHOD OF OPERATION

Funds for this activity support Federal costs for administering the Historically Black College and University Capital Financing Program Account and maintaining the Historically Black College and Universities Capital Financing Advisory Board authorized in Section 727 of the Higher Education Act, as amended. Costs for the Advisory Board may not exceed \$50,000 annually.

Costs include the personnel compensation and benefits for 2 FTE and other administrative activities, including a share of the Department's common support services such as rent, postage, and telecommunications attributable to the Historically Black College and University Capital Financing Program Account.

This account also supports the Historically Black College and University Capital Financing Advisory Board. The Advisory Board is appointed by the Secretary and consists of nine members--five presidents of public and private historically black colleges and universities, the President of the United Negro College Fund, Inc., the President of the National Association for Equal Opportunity in Higher Education, the Secretary or his designee, and the Department's Executive Director of the White House Initiative on Historically Black Colleges and Universities. The board meets with the Secretary at least twice each year to advise him as to how the program can meet the capital needs of historically black colleges and universities and to advise him on the best means of implementing construction financing.

1996 BUDGET REQUEST

For presentation purposes, Federal administrative costs financed in the Historically Black College and University Capital Financing Program account are included in the total costs discussed in the justification materials for the Salaries and Expenses Overview. A summary of Federal administrative costs for the Historically Black College and University Capital Financing program were displayed on page U-3.

Department of Education

EDUCATION RESEARCH, STATISTICS, AND IMPROVEMENT

Fiscal Year 1996 Budget Request

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EDUCATION RESEARCH, STATISTICS, AND IMPROVEMENT

For carrying out activities authorized by the Educational Research, Development, Dissemination, and Improvement Act[;], including part E;¹ the National Education Statistics Act; section 2102 and part C of title II, parts A, B, C, and D of title III, parts A and B and section 10601 of title X, and parts B and C of title XIII² of the Elementary and Secondary Education Act of 1965, as amended [by the Improving America's Schools Act as enacted into law; the National Education Statistics Act of 1994, as enacted into law;³ the Education Council Act, as amended;⁴ part F of the General Education Provisions Act]⁵; and title VI of [Public Law 103-227] the Goals 2000: Educate America Act, [\$354,892,000] \$433,064,000: *Provided*, That [\$86,200,000 shall be for education research of which \$41,000,000 shall be for regional laboratories, including rural initiatives and network activities, \$33,000,000 shall be for research centers, and \$3,200,000, to remain available until expended, shall be for school finance equalization research; \$36,750,000 shall be for the Fund for the Improvement of Education; \$3,000,000 shall be for the international education exchange program;⁶ \$750,000 shall be for 21st Century Community Learning Centers, if authorized;⁷ \$4,463,000 shall be for civic education activities;⁸ \$14,480,000 shall be for the National Diffusion Network;⁹ \$36,356,000 shall be for Eisenhower professional development Federal activities, including not less than \$5,472,000 for the National Clearinghouse for Science and Mathematics and \$15,000,000 for regional consortia;¹⁰ \$2,250,000 shall be for a mathematics telecommunications demonstration, if authorized;¹¹ \$40,000,000 shall be for education technology activities, if authorized;¹² and \$7,000,000 shall be for Ready to Learn television, including funds to be awarded to the Corporation for Public Broadcasting in such amounts as the Secretary determines appropriate]¹³ \$1,600,000 shall be used to increase resources available to expand the National Library of Education¹⁴: *Provided further*, That \$32,000,000

shall be for section 2102, \$3,000,000 shall be for part C of title II,¹⁵ \$3,000,000 shall be for section 3122, \$70,000,000 shall be for section 3136, \$10,000,000 shall be for subpart 3 of part A of title III,¹⁶ and \$4,463,000 shall be for section 10601 of the Elementary and Secondary Education Act¹⁷. (Department of Education Appropriations Act, 1995.)

Note—Each language provision that is followed by a footnote reference is explained in the Analysis of Language Provisions and Changes document which follows the appropriation language.

(Rescission proposal)

EDUCATION RESEARCH, STATISTICS, AND IMPROVEMENT

Of the funds made available under this heading in Public Law 103-333, \$750,000 made available for part I of title X of the Elementary and Secondary Education Act, as amended, are rescinded.

EDUCATION RESEARCH, STATISTICS, AND IMPROVEMENT

Analysis of Language Provisions and Changes

Language Provision	Explanation
¹ <u>...including part E:...</u>	This language makes funds available for the National Library of Education authorized in part E.
² <u>...the National Education Statistics Act; section 2102 and part C of title II, parts A, B, C, and D of title III, parts A and B and section 10601 of title X, and parts B and C of title XIII of...</u>	This language provides current citations for activities funded in this account and reorders the citations to make them consistent with the order in the account title.
³ <u>...[by the Improving America's Schools Act as enacted into law; the National Education Statistics Act of 1994, as enacted into law; the National Education Statistics Act of 1994, as enacted into law;...]</u>	This language is deleted because it was reordered and revised, as explained above.
⁴ <u>[...the Education Council Act, as amended;...]</u>	This language is deleted because no funds are requested for the National writing project, now authorized under ESEA, title X, part K.
⁵ <u>[...part F of the General Education Provisions Act]...</u>	This language makes funds available for Ready to Learn television. This is now authorized under ESEA, title III, part C.
⁶ <u>...[\$86,200,000 shall be available for education research of which \$41,000,000 shall be for regional laboratories, including rural initiatives and network activities, \$33,000,000 shall be for research centers and \$3,200,000, to remain available until expended, shall be for school finance equalization research; \$36,750,000 shall be for the Fund for the Improvement of Education; \$3,000,000 shall be for the international education exchange program;...]</u>	This language is deleted because earmarking is not necessary to fund these activities.
⁷ <u>[... \$750,000 shall be for 21st Century Community Learning Centers, if authorized;...]</u>	This earmark is deleted because no funds are requested for this activity.

EDUCATION RESEARCH, STATISTICS, AND IMPROVEMENT

Analysis of Language Provisions and Changes – Continued

Language Provision	Explanation
⁸ [...\$4,463,000 shall be for civic education activities;...]	This language is deleted because new earmarking language is included for this activity below.
⁹ [...\$14,480,000 shall be for the National Diffusion Network;...]	This language is deleted because earmarking is not necessary to fund this activity.
¹⁰ [...\$36,356,000 shall be for Eisenhower professional development Federal activities, including not less than \$5,472,000 for the National Clearinghouse for Science and Mathematics and \$15,000,000 for regional consortia;...]	This language earmarks funds for certain activities under the Eisenhower programs. New earmarking language is provided below.
¹¹ [...\$2,250,000 shall be for a mathematics telecommunications demonstration, if authorized;...]	This language is deleted because earmarking is not necessary to fund this activity, which is now authorized under ESEA, title III, part D.
¹² [...\$40,000,000 shall be for education technology activities, if authorized;...]	This language earmarks funds for education technology activities. Funding for these activities is authorized under ESEA, title III. New earmarking language is provided below.
¹³ [...and \$7,000,000 shall be for Ready to Learn television, including funds to be awarded to the Corporation for Public Broadcasting in such amounts as the Secretary determines appropriate]...	This language earmarks funds for Ready to Learn television and authorizes the Secretary to award funds to the Corporation for Public Broadcasting. The language is deleted because earmarking is not necessary to fund the activity.
¹⁴ <u>...\$1,600,000 shall be used to increase resources available to expand the National Library of Education...</u>	This language earmarks funds to be used in addition to those available from other sources to expand the National Library of Education.

EDUCATION RESEARCH, STATISTICS, AND IMPROVEMENT

Analysis of Language Provisions and Changes -- Continued

Language Provision	Explanation
¹⁵ <u>Provided further, That \$32,000,000 shall be for section 2102, \$3,000,000 shall be for part C of title II...</u>	This language would override the authorizing statute provisions related to the allocation of funds among the three parts of title II. It would provide the indicated amounts for Eisenhower Professional Development Federal activities under section 2102 and for the Professional Development Demonstration Project authorized in part C.
¹⁶ <u>...\$3,000,000 shall be for section 3122, \$70,000,000 shall be for section 3136, \$10,000,000 shall be for subpart 3 of part A of title III...</u>	This language would override provisions of the authorizing statute related to the allocation of funds among the technology programs authorized in ESEA, title III, part A. It would provide the indicated amounts for Federal leadership activities authorized in section 3122, national challenge grants for technology in education authorized in section 3136, and regional technical support and professional development authorized in subpart 3 of part A.
¹⁷ <u>... and \$4,463,000 shall be for section 10601 of the Elementary and Secondary Education Act.</u>	This language would override the provisions of the authorizing statute related to the allocation of funds between the two civic education programs authorized in ESEA, title X, part F. It would ensure that the entire amount specified is devoted to the "We the People...The Citizen and the Constitution" program of the Center for Civic Education.

EDUCATION RESEARCH, STATISTICS, AND IMPROVEMENT

Amounts Available for Obligation
(\$ in 000s)

	1994	1995	1996
<u>Current authority:</u>			
Annual appropriation	\$292,592	\$354,892	\$433,064
Proposed rescission	<u>0</u>	<u>-750</u>	<u>0</u>
Subtotal, current authority	292,592	354,142	433,064
<u>Permanent authority:</u>			
Spending authority from offsetting collections from Federal funds	<u>1,823</u>	<u>0</u>	<u>0</u>
Subtotal, gross budget authority	294,415	354,142	433,064
Unobligated balance expiring	<u>-92</u>	<u>0</u>	<u>0</u>
Total obligations	294,323 ¹	354,142	433,064

¹ Includes the following amount for reimbursable activities carried out by this account: 1994 - \$1.823 million.

EDUCATION RESEARCH, STATISTICS, AND IMPROVEMENT

Obligations by Object
(\$ in 000s)

	1994	1995	1995 Revised	1996
Personnel compensation:				
Full-time permanent	\$275	\$395	\$395	\$415
Other than full-time permanent	448	556	556	554
Other personnel compensation	<u>34</u>	<u>22</u>	<u>22</u>	<u>22</u>
Subtotal, personnel compensation	757	973	973	991
Civilian personnel benefits	<u>189</u>	<u>216</u>	<u>216</u>	<u>232</u>
Subtotal, compensation/benefits	946	1,189	1,189	1,223
Travel and transportation of persons	367	216	216	177
Rent, communications, and utilities	224	177	177	177
Printing and reproduction	1,543	760	760	1240
Advisory and assistance services	7,432	6,221	6,221	6,705
Other contractual services:				
Peer review costs	496	1,018	1,018	1,154
Other services	<u>62,609</u>	<u>76,770</u>	<u>76,770</u>	<u>93,029</u>
Subtotal, other contractual	63,105	77,788	77,788	94,183
Purchase of goods and services from Government accounts	19,118	11,524	11,524	10,224
Operation of GOCOs	112	0	0	0
Research and development contracts	18,684	17,311	17,311	17,400
Supplies and materials	31	67	67	585
Equipment	273	740	740	635
Grants, subsidies, and contributions	<u>180,665</u>	<u>238,899</u>	<u>238,149</u>	<u>300,515</u>
Total	292,500	354,892	354,142	433,064

NOTES

Excludes the following obligations from permanent authority: 1994 - \$1.823 million.

Amounts shown in 1995 and 1996 for advisory and assistance services reflect estimates of contracts that may be classified as advisory and assistance services; these amounts may change once the funds are obligated.

EDUCATION RESEARCH, STATISTICS, AND IMPROVEMENT

Summary of Changes
(\$ in 000s)

1995	\$354,892
1995 Proposed rescission	<u>-750</u>
Total estimated budget authority	354,142
1996	<u>433,064</u>
Net change	+78,922

	<u>1995 base</u>	<u>Change from base</u>
<u>Increases:</u>		
<u>Program:</u>		
Research—Increase to support heightened investment in research related to at-risk students and early childhood education, expansion of field-initiated studies and the National Library of Education, and new dissemination activities.	\$86,200	+\$11,400
Statistics—Increase to improve data collection programs, provide additional information for monitoring progress toward the national goals, and make data available in easier to use formats.	48,153	+8,847
Assessment—Increase to cover costs associated with continued improvements to the national assessments, including more open-ended questions, and State-level assessments in two subjects in three grades.	32,757	+5,243
Eisenhower professional development national activities—Increase for additional activities of national significance related to intensive, ongoing educator development in all the core subjects and a new professional development demonstration project.	21,356	+13,644

EDUCATION RESEARCH, STATISTICS, AND IMPROVEMENT

Summary of Changes — Continued
(\$ in 000s)

	<u>1995 base</u>	<u>Change from base</u>
Technology for education—Increase for additional grants to support the development of technology-based content for K-12 education and adult education and training.	\$40,000	<u>+\$43,000</u>
Subtotal, increases		+82,134
Decreases:		
Program:		
National writing project—Eliminate this demonstration of a strategy that is well known and for which other sources of funds, such as those from Eisenhower professional development State grants, are available.	3,212	<u>-3,212</u>
Subtotal, decreases		-3,212
Net change		+78,922

EDUCATION RESEARCH, STATISTICS, AND IMPROVEMENT

Authorizing Legislation

Activity	1995 Authorized	1995 Estimate	1996 Authorized	1996 Request
Research (ERD/A)				
Statistics (NESA)				
Assessment	\$132,000,000 ^{1,2}	\$86,200,000	Indefinite ^{2,3}	\$97,600,000
National assessment (NESA, section 411)	65,000,000	48,153,000	Indefinite	57,000,000
National Assessment Governing Board (NESA, section 412)	35,000,000	29,757,000	Indefinite	34,500,000
Eisenhower professional development national activities (ESEA II, section 2102 and part C)	3,000,000	3,000,000	Indefinite	3,500,000
Educational technology (ESEA III)	(4)	21,356,000	Indefinite ⁴	35,000,000
Technology for education (part A)				
K-12 technology learning challenge (section 3136)	(5)	27,000,000	Indefinite ⁵	50,000,000
Adult technology learning challenge (section 3136)	(5)	0	Indefinite ⁵	20,000,000
National activities (sections 3122 and subpart 3)	(5)	13,000,000	Indefinite ⁵	13,000,000
Star schools (part B)	35,000,000	30,000,000	Indefinite	30,000,000
Ready to learn television (part C)	30,000,000	7,000,000	Indefinite	7,000,000
Telecommunications demonstration project for mathematics (part D)	5,000,000	2,250,000	Indefinite	2,250,000
Fund for the improvement of education (ESEA X-A)	50,000,000 ⁶	36,750,000	Indefinite ⁶	36,750,000
Javits gifted and talented education (ESEA X-B)	10,000,000	9,521,000	Indefinite	9,521,000
National Diffusion Network (ESEA XIII-B)	25,000,000	14,480,000	Indefinite	14,480,000
Eisenhower regional mathematics and science education consortia (ESEA XIII-C)	23,000,000	15,000,000	Indefinite	15,000,000
21st century community learning centers (ESEA X-I)	20,000,000	0 ⁷	Indefinite	0
National writing project (ESEA X-K)	4,000,000	3,212,000	Indefinite	0

EDUCATION RESEARCH, STATISTICS, AND IMPROVEMENT

Authorizing Legislation -- Continued

Activity	1995 Authorized	1995 Estimate	1996 Authorized	1996 Request
Civic education (ESEA section 10601)				
International education exchange (Goals 2000: EAA VI)	\$15,000,000 ^a	\$4,463,000	Indefinite ^a	\$4,463,000
	10,000,000	3,000,000	Indefinite	3,000,000
Unfunded authorizations:				
Goals 2000 community partnerships program (ERDDIA, part D, section 941(ii))	30,000,000	0	50,000,000	0
Teacher research dissemination program (ERDDIA, part D, section 941(ii))	20,000,000	0	Indefinite	0
National Teacher Training Project (ESEA, section 2103)	(4)	0	Indefinite ⁴	0
State and local programs for school technology resources (ESEA, section 3132)	(5)	0	Indefinite ⁵	0
Educational technology product development (ESEA III-A-4)	50,000,000	0	Indefinite	0
Elementary mathematics and science equipment grants (ESEA III-E)	30,000,000	0	Indefinite	0
Elementary and secondary school library media resources programs (ESEA III-F)	200,000,000	0	Indefinite	0
Elementary school counseling demonstrations (ESEA, section 10102)	(6)	0	Indefinite ⁶	0
Smaller learning communities (ESEA, section 10105)	(6)	0	Indefinite ⁶	0
Model projects (ESEA, section 10107)	(6)	0	Indefinite ⁶	0
de Lugo territorial education improvement program (ESEA X-H)	3,000,000	0	3,000,000	0

EDUCATION RESEARCH, STATISTICS, AND IMPROVEMENT

Authorizing Legislation — Continued

Activity	1995 Authorized	1995 Estimate	1996 Authorized	1996 Request
Extended time for learning and longer school year (<i>ESEA X-L</i>)	\$90,000,000	0	Indefinite	0
Access and equity to education for all Americans through telecommunications (<i>HEA I-C</i>)	Indefinite	0	Indefinite	0
National teacher academies (<i>HEA V-B</i>)	Indefinite	0	Indefinite	0
National Board for Professional Teaching Standards (<i>HEA V-D-1</i>)	10,416,000 ⁹	0	\$10,416,000 ⁹	0
Alternative routes to teacher certification and licensure (<i>HEA V-D-2</i>)	15,000,000	0	0 ¹⁰	0
Class size demonstration grant (<i>HEA V-D-3</i>)	Indefinite	0	Indefinite	0
Middle school teaching demonstration programs (<i>HEA V-D-4</i>)	Indefinite	0	Indefinite	0
Small State teaching initiative (<i>HEA V-F-3</i>)	Indefinite	0	Indefinite	0
Minority-focused civics education (<i>Goals 2000: EAA VIII</i>)	5,000,000	0	Indefinite	0
National job bank for teacher recruitment (<i>P.L. 102-325, section 1412</i>)	Indefinite	0	Indefinite	0
School-based decisionmakers (<i>P.L. 102-325, title XV-C</i>)	Indefinite	0	0	0
Total, definite authorization	\$915,416,000		\$63,416,000	
Total, appropriation		\$354,142,000		\$433,064,000

¹ A total of \$132 million is authorized for programs funded in 1995: \$68 million for the National Research Institutes; \$41 million for the Regional Educational Laboratories; and \$23 million for certain activities of the National Education Dissemination System.

EDUCATION RESEARCH, STATISTICS, AND IMPROVEMENT

Authorizing Legislation -- Continued

² From the amounts appropriated for any fiscal year for the National Research Institutes and the National Education Dissemination System, the Secretary shall make available the lesser of 2 percent or \$1 million for the expenses and activities of the National Educational Research Policy and Priorities Board, and from the amounts appropriated for any fiscal year for certain activities of the National Education Dissemination System, the Secretary shall make available at least \$8 million for the Educational Resources Information Center clearinghouses.

³ A total of \$100 million is authorized in 1996 for the National Research Institutes: \$60 million, to be distributed evenly between the National Institute on Student Achievement, Curriculum, and Assessment and the National Institute on the Education of At-Risk Students; \$10 million for the National Institute on Educational Governance, Finance, Policy-Making, and Management; \$15 million for the National Institute on Early Childhood Education; and \$15 million for the National Institute on Postsecondary Education, Libraries, and Lifelong Learning. In addition, such sums as necessary are authorized for those activities of the National Education Dissemination System for which funding is requested in 1996.

⁴ Section 2003, ESEA authorizes \$800 million for title II in 1995 and such sums as necessary for 1996. Of the total amount appropriated for title II, 5 percent is to be reserved for Federal activities under part A (of which 5 percent is to be reserved for the National Teacher Training Project), and 1 percent is to be reserved for the Professional Development Demonstration Project under part C, except that such 1 percent shall not exceed \$3.2 million in any fiscal year. The remainder is to be available for State grants under part B.

⁵ Section 3114, ESEA authorizes \$200 million for 1995 and such sums as necessary for 1996 for title III, part A, subparts 1, 2, and 3. Of the total amounts appropriated, \$3 million shall be set aside for National Programs for Technology in Education under subpart 1 in any year when the amount appropriated for these subparts is less than \$75 million and \$5 million in any year when the amount is \$75 million or greater; \$10 million shall be for Regional Technical Support and Professional Development under subpart 3; and the remainder shall be for State and Local Programs for School Technology Resources under subpart 2.

⁶ Section 10101, ESEA authorizes \$50 million for 1995 and such sums as necessary for 1996 for title X, part A, for the Fund for the Improvement of Education, which also includes several unfunded programs.

⁷ Reflects a proposed rescission of \$750,000.

⁸ Section 10603, ESEA authorizes \$15 million in 1995 and such sums as necessary in 1996 for Civic Education under title X, part F. Of the total appropriated for part F, 40 percent is to be reserved for Instruction on the History and Principles of Democracy in the United States under section 10601 and 60 percent is to be reserved for instruction in Civics, Government, and the Law under section 10602, provided that each of these programs is funded at not less than the amount funded in 1994 under prior legislation.

⁹ Of the \$20 million authorized, \$4,792 million was appropriated in fiscal year 1993, and \$4,792 million in fiscal year 1994. The remaining \$10,416 million is available for appropriation.

¹⁰ Effective July 1, 1995, subpart 2 is repealed.

EDUCATION RESEARCH, STATISTICS, AND IMPROVEMENT

Table of Estimates and Appropriations
(\$ in 000s)

	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1987	\$70,231	\$8,747 ¹	\$63,578	\$63,578
1988	70,231	73,801	69,231	67,526
1989	81,000	83,512	74,460	78,201
1990	101,330	100,330	95,420	96,375
1990 Sequester				-1,134
1991	174,726	133,860	139,726	135,070
1991 Sequester				-2
1992	298,951	233,879	261,267	263,564
1992 Rescission				-5
1993	415,396	279,844	281,549	280,109
1994	352,579	277,244	301,398	292,592
1995	368,199	318,775	371,586	354,892
1995 Rescission	-750			
1996	433,064			

¹ Did not include funds for Research activities under GEPA, section 405, which was pending reauthorization.

EDUCATION RESEARCH, STATISTICS, AND IMPROVEMENTSignificant Items in FY 1995 Appropriations Reports**Research: Administration of Research, Evaluation, and Demonstration Activities**
Full Compliance with Legislation Reauthorizing OERI

House: The Committee fully supports the objectives of this new legislation and directs the Department to transfer the funding and management of research, evaluation and demonstration activities throughout the Department to OERI in the fiscal year 1996 budget.

The Committee directs the Department to comply thoroughly with the provisions of the new authorization and to transfer funds appropriated under the following activities and authorities to OERI to be administrated under their governance and administrative structure:

P.L. 103-227, Title II, Sections 219, 220, and 241(d) and Title III, Section 313(b)(c); P.L. 103-239, Title IV, Section 401(a), 402 and 404; H.R. 6, Title I, Sections 1502, 1503, and 1007(7)(B); all research and development activities in Title II, Section 2217; Title III, Part C, Section 3401(2) and 3406; all research and development activities pursuant to H. R. 6, Title IV, Section 4201; and all research and development activities pursuant to H. R. 6, Title II, Section 2345.

The Committee expects that no funds for these transferred programs will be obligated until it receives a report from the Secretary providing detail of the transfers and further requests that the Secretary submit no later than January 15, 1995, a comprehensive list of all education research, evaluation or demonstration funding through the Department with a justification for each project's organizational location, if not within OERI.

Senate: The Committee directs the Department to comply thoroughly with the provisions of the new reauthorization, and to transfer to OERI funds appropriated in other accounts for research activities that, under the new law, are more appropriately carried out by OERI.

The Committee further requests that the Secretary submit no later than January 15, 1995, a comprehensive list of all education research, evaluation, or demonstration activities throughout the Department, with a justification for each activity's organizational location, if not within OERI.

Finally, the Committee directs the Department to transfer the funding and management of research, evaluation, and demonstration activities throughout the Department to OERI in the fiscal year 1996 budget request.

Floor debate: Mr. Harkin states: "...The language in the report...is not intended to include the transfer of funding and management of those research, evaluation, and demonstration activities directed to be carried out by OSEP, RSA, and NIDRR under the IDEA and the Rehabilitation Act of 1973. And it is my expectation that all such activities continue to be funded and administered

EDUCATION RESEARCH, STATISTICS, AND IMPROVEMENT**Significant Items in FY 1995 Appropriations Reports – Continued**

through the appropriate entity within OSERS within the Department of Education."

Conference: The conferees expect these transfers [as detailed in the House and Senate reports and Senate floor debate] to be accomplished as directed.

Response: The Department reported to the Committees on December 22, 1994, regarding the 1995 transfers specified. Another report will be sent in early February regarding the location of all research, evaluation, and demonstration activities in the 1996 budget.

Research: Regional Educational Laboratories

Senate: Of the amount provided [for regional educational laboratories—\$41,000,000], not less than 25 percent is to be used by the laboratories for the rural program, distributed according to the proportion of total rural funding each laboratory was provided in 1994.

All of the funds provided for the regional laboratories shall be released by the Department by December 1, 1994, with none of the funds being retained by the Department for any other purpose.

Response: Under the terms of the laboratories' contracts, at least 25 percent of the laboratory funding will be used for the rural program, and individual labs will get the same proportion of funding in 1995 as in 1994.

Except for a portion of the funds for the Pacific Regional Laboratory, all laboratory funds were awarded to the laboratories before December 1, 1994.

Statistics: National Commission of Libraries and Information Science

Senate: The Committee directs NCES to transfer funds to the Commission no later than 30 days after they become available.

Response: Funds were allotted to the Commission on October 21, 1994.

EDUCATION RESEARCH, STATISTICS, AND IMPROVEMENTSignificant Items in FY 1995 Appropriations Reports – Continued**Fund for the Improvement of Education (FIE): Conference Project Priorities**

Conference: The Conference agreement includes \$36,750,000 for the Fund for the Improvement of Education. This includes amounts for the following priorities:

Environmental science education	\$1,500,000
Model arts education	1,000,000
Elementary school counseling demonstration	2,000,000
National student and parent mock election	125,000
Partnerships in character education	750,000
Promoting scholar-athlete competitions	400,000
Middle school-workplace-community partnerships	1,000,000
African American and Hispanic student/faculty development	<u>500,000</u>
	7,275,000

The Conferees are also agreed that a portion of these funds may be used by the Secretary for activities to recognize exemplary schools.

Response: Only \$6 million is available for new activities under the Fund for the Improvement of Education in 1995. Therefore, the Department will devote less than the indicated amount to the priorities specified. The environmental science education priority will be addressed under the Eisenhower Professional Development Federal Activities program, rather than FIE. The student/faculty development priority will not be funded because it is a postsecondary program and thus not an authorized use of FIE funds.

FIE: Environmental Science Projects

House: The Committee encourages the Secretary to use up to \$2,000,000 of the funds provided for science projects designed to increase student appreciation and understanding of the environment.

Conference: The Conference agreement includes \$36,750,000 for the Fund for the Improvement of Education. This includes an amount for the following priority:

Environmental science education	\$1,500,000
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Response: In response to a 1994 FIE directive, the Department established a priority for environmental education under Eisenhower Mathematics and Science Education National Programs. In 1995, environmental education projects funded under that competition will be continued under Eisenhower Professional Development Federal Activities.

EDUCATION RESEARCH, STATISTICS, AND IMPROVEMENT**Significant Items in FY 1995 Appropriations Reports -- Continued****FIE: Model Arts Education Project**

- Senate:** The Committee directs the Department to use \$1,000,000 for a model arts education project that would provide intensive training to high school students in dance, music, theater, visual arts, and creative writing. Funds would be used for equipment acquisition, development of instructional materials, integrating technology into the curriculum, and professional development activities.
- Conference:** The Conference agreement includes \$36,750,000 for the Fund for the Improvement of Education. This includes an amount for the following priority:
- | | |
|----------------------|-------------|
| Model arts education | \$1,000,000 |
|----------------------|-------------|
- Response:** The Senate directive is superseded by the conference directive for FIE. In response to the conference directive, the Department plans to continue a joint project with the National Endowment for the Arts (NEA) in arts education.

FIE: Model Elementary School Counseling Program

- Senate:** The Committee directs the Department to use \$3,000,000 to initiate the Elementary School Counseling Demonstration program. In doing so, the Secretary should give priority to applicants that demonstrate the greatest need for additional counseling services, that propose the most promising and innovative approaches for expanding elementary school counseling, and that show the greatest promise for dissemination and replication.
- Conference:** The Conference agreement includes \$36,750,000 for the Fund for the Improvement of Education. This includes an amount for the following priority:
- | | |
|---|-------------|
| Elementary school counseling demonstrations | \$2,000,000 |
|---|-------------|
- Response:** The Senate directive is superseded by the conference directive for FIE. The Department plans a competition that would include a priority for collaborative projects to improve elementary school counseling.

FIE: Computer-Based Instruction Program

- Senate:** The Committee supports continued funding for the Computer-Based Instruction Program, and directs the Department to make a diligent effort to inform disadvantaged school districts of the availability of these funds and to provide technical assistance to districts requesting help in preparing applications for funding.

EDUCATION RESEARCH, STATISTICS, AND IMPROVEMENT**Significant Items in FY 1995 Appropriations Reports – Continued**

Response: FIE funds in 1995 will support continuation of prior year commitments (from 1993) under the Computer-Based Instruction program. The Computer-Based Instruction program as such is no longer authorized.

National Diffusion Network: Dissemination of Exemplary Math and Science Programs

Senate: The Committee expects the Department to use a portion of the funds appropriated for the dissemination of exemplary mathematics and science education programs.

Response: The National Diffusion Network will continue to identify and disseminate mathematics and science practices that work well. Twenty of the 30 developer/demonstrator projects that disseminated mathematics and science projects in 1994 will receive continuation grants in 1995.

Eisenhower Professional Development Federal Activities: Teacher Training Demonstration Project

Senate: The Committee directs that \$500,000 be made available for a teacher training demonstration project that would involve the assessment of teaching skills, development of the training needed to improve those skills, and delivery of a combination of summer workshops and in-classroom support to strengthen the capability of urban teachers to provide students with specialized training. The Committee intends that this project be conducted by an urban university with expertise in teacher training and a demonstrated record of success in working with inner-city youth. Temple University would be ideally suited to undertake this demonstration.

Response: The Department will hold a competition in 1995 for projects to design and implement strategies for Statewide reform of initial teacher preparation, licensing, and induction. Partnerships will be required, but Temple University could apply as part of a partnership.

Star Schools: Telecommunications Partnership For High School Completion and Adult Literacy

Senate: The Committee directs the Secretary to use part of the increase provided over 1994 to hold a new competition for a telecommunications partnership focused on advancing the national education goals regarding high school completion and adult literacy. The partnership would provide on-line access, through a publicly funded telecommunications infrastructure, to continuing education leading to either a high school degree or a general equivalency degree.

EDUCATION RESEARCH, STATISTICS, AND IMPROVEMENT**Significant Items in FY 1995 Appropriations Reports -- Continued**

- House: The Committee included increased funding because of a concern that a number of traditionally underserved populations remain unserved by existing programs. In allocating these new funds, the Secretary should be sensitive to the special needs of vocationally at-risk learners who might benefit from a distance learning literacy skills initiative.
- Response: The Department will conduct a competition for one or more new awards under the Star Schools authority for Telecommunications Programs for Continuing Education. Literacy skills development could be included in the projects.

Technology: Model Curricula for Teachers Demonstrating Educational Technology

- Senate: The Committee directs the Department to use funds under this authority to support research, development, and demonstration of model preservice and inservice curricula for teachers to gain mastery in the development and effective delivery of curricula utilizing distance learning technology, with special attention to the needs of rural schools. The Committee also directs the Department to provide funding to demonstrate the effective use of portable desktop computers with video conferencing capability in student-teacher education and the professional development of teachers, including research on effective utilization practices. The Committee further encourages the Secretary to support mobile technology demonstration programs in rural areas, as authorized under section 3122 of ESEA, as amended by Senate bill 1513.
- Response: The Department will conduct at least two competitions in 1995 under the new Technology for Education authority in ESEA, one or more for National Challenge Grants for Technology in Education (section 3136) and another for Regional Technical Support and Professional Development (section 3141). Applicants that propose projects that meet the purposes and requirements of these programs could apply to carry out one or more of the activities described in the directive. Some of the activities described might also be appropriate for the Star Schools competition. The Department does not plan to hold a grant competition for the funds appropriated for Federal Leadership (section 3122).

EDUCATION RESEARCH, STATISTICS, AND IMPROVEMENT

Summary of Request
(\$ in 000s)

	1995	1995 Revised	1996	Change
Research Statistics	\$86,200 48,153	\$86,200 48,153	\$97,600 57,000	+\$11,400 +8,847
Assessment				
National assessment	29,757	29,757	34,500	+4,743
National Assessment Governing Board	<u>3,000</u>	<u>3,000</u>	<u>3,500</u>	<u>+500</u>
Subtotal, assessment	32,757	32,757	38,000	+5,243
Eisenhower professional development national activities	21,356	21,356	35,000	+13,644
Educational technology				
Technology for education	27,000	27,000	50,000	+23,000
K-12 technology learning challenge	0	0	20,000	+20,000
Adult technology learning challenge	<u>13,000</u>	<u>13,000</u>	<u>13,000</u>	<u>0</u>
National activities				
Subtotal, technology for education	40,000	40,000	83,000	+43,000
Star schools	30,000	30,000	30,000	0
Ready to learn television	7,000	7,000	7,000	0
Telecommunications demonstration project for mathematics	<u>2,250</u>	<u>2,250</u>	<u>2,250</u>	<u>0</u>
Subtotal, educational technology	79,250	79,250	122,250	+43,000

EDUCATION RESEARCH, STATISTICS, AND IMPROVEMENT

Summary of Request
(\$ in 000s)

	1995	1995 Revised	1996	Change
Fund for the improvement of education	\$36,750	\$36,750	\$36,750	0
Javits gifted and talented education	9,521	9,521	9,521	0
National diffusion network	14,480	14,480	14,480	0
Eisenhower regional mathematics and science education consortia	15,000	15,000	15,000	0
21st century community learning centers	750	0	0	0
National writing project	3,212	3,212	0	-\$3,212
Civic education	4,463	4,463	4,463	0
International education exchange	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>	<u>0</u>
Total	354,892	354,142	433,064	+78,922

EDUCATION RESEARCH, STATISTICS, AND IMPROVEMENT

Summary of Request

The activities of the Office of Educational Research and Improvement, which build knowledge about education and help stimulate improvements in educational policy and practice, provide essential support for the reform of American schools. In 1996, the proposed budget for the Education, Research, Statistics, and Improvement account would support the research and development programs of five new National Research Institutes, the dissemination and technical assistance activities of a new National Education Dissemination System, the Statistics and Assessment programs of the National Center for Education Statistics, and the creation of a National Library of Education. The budget would also support a number of direct grant programs designed to advance or demonstrate nationally significant strategies for improving teaching and learning and aiding school reform, especially through the use of technology and professional development for teachers.

New investments in research and development proposed for 1996 would address the most critical needs and national priorities in the areas of early childhood education, the achievement of elementary and secondary students, the education of at-risk children, education policy and finance, and postsecondary education and lifelong learning. With a great deal of input from parents, teachers, administrators, policymakers, business people, researchers, and others, OERI is developing a research agenda to ensure that Federal investments in education research and development address the needs of families and schools and help prepare the Nation for the 21st century. In supporting the resulting work, and in disseminating and helping others use the knowledge gained from past and current research, OERI would be collaborating with an extended range of partners and clients across the country. The new dissemination system would focus on providing more information, in easier to use formats, to more people and on supplying the materials, strategies, and other products necessary to help those engaged in educational endeavors translate knowledge gained from research into successful policies and practices.

Complementing the Research program, the Statistics and Assessment programs of NCES would provide the kinds of education-related information that will be needed as States and school districts define and come to share a more common understanding of what all students should know and be able to do, and as more and more States, districts, and schools undertake reforms that change what students study, how they are taught, and how their performance is measured. NCES would continue to be the primary source of information for assessing the condition and progress of American education, including the progress of the Nation toward achievement of the National Education Goals, and a major source of information for judging the effects of education improvement efforts.

The direct grant programs in this account would serve the OERI mission of building knowledge and sharing successful strategies through their support for demonstrations in various areas or aspects of education. Most notable is the investment proposed in Educational Technology. The budget includes major support for challenge grants that would engage a variety of partners in designing and demonstrating powerful examples of the effective use of technologies to improve student achievement, teaching, adult training, and lifelong learning. A number of other programs to support particular applications of technology and to support technical assistance and professional development in the use of technology are also included.

EDUCATION RESEARCH, STATISTICS, AND IMPROVEMENT

Summary of Request – Continued

Another major area of investment is the demonstration of professional development strategies that provide teachers with opportunities to develop the content knowledge and instructional strategies necessary to help all students master more challenging academic content and develop more complex skills. The focus for 1996 would be on reforming initial teacher preparation and on developing networks that allow teachers to communicate with one another about how to improve teaching and learning.

States and local school districts are engaged in an unprecedented level of activity directed toward educational improvement. They are the laboratories of reform. They must be empowered with the latest and best knowledge to improve teaching and learning, and their efforts must be studied so that new knowledge is gained. This is the aspect of the Federal role in education advanced through the activities of the Office of Educational Research and Improvement.

EDUCATION RESEARCH, STATISTICS, AND IMPROVEMENT

Research

(Educational Research, Development, Dissemination, and Improvement Act)

1996 Authorization (\$ in 000s): Indefinite ¹

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$86,200	\$97,600	+\$11,400

¹ The Educational Research, Development, Dissemination, and Improvement Act authorizes \$100 million for the National Research Institutes, and such sums as necessary for certain activities of the National Education Dissemination System.

PURPOSE AND METHOD OF OPERATION

These funds support the research, development, dissemination, and technical assistance activities of the Office of Educational Research and Improvement, which are aimed at expanding fundamental knowledge of education and promoting the use of research and development findings in the design of efforts to improve education. OERI's authority to support a broad range of research and research-related activities continues, but recent legislation requires a new, mission-driven organizational structure.

National Educational Research Policy and Priorities Board

A new National Educational Research Policy and Priorities Board, consisting of researchers, practitioners, policymakers, and others, must be established to help guide the work of OERI. The responsibilities of the Board include working with the Assistant Secretary in the development of a research plan and standards to govern OERI's activities. Both the required research plan and standards must be approved by the Board. The Board is also required to review, evaluate, and publicly comment upon the implementation of its recommended priorities by the Department and Congress. Funds are not separately authorized for the Board, but of the total appropriated for OERI's Research Institutes and Dissemination System, the lesser of 2 percent of the amounts appropriated for the National Institutes and the National Dissemination System or \$1 million is to be set aside to support the Board and the collaborative development of the OERI research plan. The Board must meet for the first time no later than May 15, 1995.

National Research Institutes

Five new Research Institutes must be established by October 1, 1995, to carry out coordinated and comprehensive programs of research, development, demonstration, and evaluation capable of providing information and research-based leadership for the improvement of education policies and practices. The five Institutes are: (1) the National Institute on Student Achievement, Curriculum, and Assessment; (2) the National Institute on

EDUCATION RESEARCH, STATISTICS, AND IMPROVEMENT

Research

the Education of At-Risk Students; (3) the National Institute on Educational Governance, Finance, Policy-Making, and Management; (4) the National Institute on Early Childhood Development and Education; and (5) the National Institute on Postsecondary Education, Libraries, and Lifelong Learning.

Under the law, each institute must devote at least one-third of its annual appropriation to long-term research carried out by university-based research and development centers and at least 20 percent (25 percent in 1998 and 1999) to field-initiated research. The Assistant Secretary may reserve up to 10 percent of the total appropriated for all five Institutes for coordination and synthesis activities, except that no more than 33 percent of the funds of any individual institute may be used for this purpose.

National Education Dissemination System

An Office of Reform Assistance and Dissemination must be established within OERI to coordinate a National Dissemination System to identify exemplary and promising programs; disseminate information and products to schools, educators, parents, and policymakers; and provide training and technical assistance services. Components of the system must include: (1) the clearinghouses of the Education Resources Information Center (ERIC), which synthesize and disseminate education information; (2) the regional educational laboratories, which develop and disseminate research-based materials and strategies and provide training and technical assistance; (3) the National Diffusion Network, which identifies and disseminates exemplary and promising programs; and (4) other dissemination efforts of OERI, including dissemination through electronic networking and other technologies. The statute authorizes two separate grant programs, which, if funded, are to become part of the system as well: the Teacher Research Dissemination Demonstration Program and the Goals 2000 Community Partnerships Program. The purpose of the first program is to help teachers use research-based information in classroom practice, and the purpose of the second is to help communities use knowledge from research to improve education.

Funds are separately authorized for general dissemination activities (including ERIC), the regional educational laboratories, the Teacher Research Dissemination Demonstration Program, and the Goals 2000 Community Partnerships Program. In all cases, such sums as are necessary are authorized for fiscal year 1996. The law states that, of the amount appropriated for general dissemination activities, at least \$8 million shall be used to support ERIC.

National Library of Education

A National Library of Education must be established to serve as a central location within the Federal Government for information about education; provide comprehensive reference services on matters related to education to Federal employees, grantees, and contractors and to members of the public; and promote greater cooperation and resource sharing among providers and repositories of education information in the United States. Although OERI has

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long supported an education research library, its collection, activities, and services must be expanded significantly to fulfill the functions of the National Library of Education.

Funding levels for the past five fiscal years were as follows:

(\$ in 000s)

1991	\$64,713
1992	71,000
1993	73,984
1994	78,000
1995	86,200

1996 BUDGET REQUEST

The Department seeks a budget of \$97.6 million for these activities, a 13 percent increase over the 1995 appropriation for comparable activities, but only one-third of 1 percent of the total Department budget. Supporting education research and disseminating knowledge gained from that research to help improve education is a fundamental aspect of the Federal role in education. Although other levels of government, as well as entities in the private sector, also engage in education research activities, the Federal Government can often do so more efficiently, with less duplication and greater attention to problems and issues of nationwide concern. The Federal Government capability to identify what works, research critical issues related to teaching and learning, and disseminate the results on a national basis cannot be replicated by any other private or public entity.

While OERI essentially had put in place by October of 1994 the new organizational structure required by the recent authorizing legislation, most of the funds available in 1995 are being used to continue projects and activities begun in prior years. This will not be the case in 1996. Over \$75 million of the total requested would be available for new activities, and major new awards would be made for research and development centers and regional educational laboratories, to be discussed below.

The total requested for 1996 would be divided among the various organizational components of OERI as follows: For the National Educational Research Policy and Priorities Board, \$1 million; for the National Research Institutes, \$43 million; for the National Education Dissemination System, \$52 million; and for the National Library of Education, \$1.6 million.

National Educational Research Policy and Priorities Board

The National Educational Research Policy and Priorities Board is the one component of the new OERI organizational structure that has not yet been established. The Department expects, however, that the Board will meet for the first time in advance of the May 15th deadline established by the authorizing statute. Funds would be used in 1996 for basic compensation and expenses of the Board and its director. The Board must meet at least

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quarterly and will likely establish standing subcommittees that may meet at other times as well. Funds would also support the costs of activities to gather information and advice from parents, teachers, administrators, policymakers, researchers, and other experts about research needs, OERI's research plan, and standards to govern OERI's work. Information will be gathered and analyzed through a variety of means, including workshops, conferences, regional forums, and the activities of contractors and consultants, and will be used in the development of the required Research Priorities Plan, which will guide OERI's investments, and standards, which will govern the conduct and evaluation of this OERI-supported research.

National Research Institutes

The \$43 million requested for the five Research Institutes represents an increase of \$10 million or 30 percent over the comparable 1995 amount. This level of funding is requested to ensure that all five Institutes have resources sufficient to begin major new research and development centers, which conduct basic research and long-term, sustained research and development; a significant program of field-initiated studies in which the specific topics and methods of study are determined by the investigators; and a limited amount of directed research in which the issues, and possibly methodologies, are specified by OERI to address identified priorities. Funds are also needed for preparing research syntheses in order to maximize the accessibility and use of knowledge gained from research.

Of the total requested for the Institutes, current plans would allocate 30 percent of those funds to the National Institute on Student Achievement, Curriculum, and Assessment; 30 percent to the National Institute on the Education of At-Risk Students; 10 percent to the National Institute on Educational Governance, Finance, Policy-Making, and Management; 15 percent to the National Institute on Early Childhood Development and Education; and 15 percent to the National Institute on Postsecondary Education, Libraries, and Lifelong Learning. A portion of the overall request, \$6.8 million, would be used to support continuation costs for two existing centers (Reading and At-Risk). The balance would support new awards and activities.

The research priorities for each of the Institutes are discussed separately below. All Institutes, however, would reserve 20 percent of available funds for grants to support field-initiated studies (the mandated minimum) and 5 percent for cross-cutting activities (rather than the 10 percent overall allowable by law). The research priorities to be addressed by centers and directed research projects were developed through extensive collaboration with the research and practice communities, a process that is continuing as OERI develops its research plan. The cross-cutting activities to be supported (with a total of \$2 million, spread among the five Institutes) would include:

- o Development of policies, incentives, and other strategies to ensure that preservice and inservice programs meet the needs of today's and tomorrow's teachers and administrators;

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- o Support for collaborative projects among the Institutes and other entities to test the use of technology to improve the delivery of education and related services;
- o Support for a number of collaborative activities with targeted sites (e.g., Philadelphia Public Schools) to learn more about how research and development and technical assistance can facilitate constructive reform in our schools; and
- o A symposium on research methodology and the subsequent publication of design standards for different types of research and development activities to be used by applicants and peer reviewers.

National Institute on Student Achievement, Curriculum, and Assessment

Improving teaching and learning—helping to ensure that students have the knowledge and skills necessary to be productive citizens in the 21st century—is the core of current State and local education reform efforts. The mission of the National Institute on Student Achievement, Curriculum, and Assessment (Achievement Institute) is to support the development and distribution of research-based information to teachers, schools, and parents engaged in educational reform. The Institute will accomplish this goal by focusing on five fundamental questions: How do children learn challenging academic content and complex skills? What are the most effective ways to teach children? What kinds of tests and assessments most accurately measure student achievement? How can schools, classrooms, and technology be designed to maximize effective teaching and learning? How can teachers, parents, and others acquire the skills and knowledge necessary to teach children challenging academic content and complex skills?

Prior OERI research in the area of student achievement and assessment has provided dramatic gains in knowledge about how children learn and more effective teaching methods. For example, systematic inquiry in cognitive science, communications theory, and systems design has provided significant insights into reading. These research-based insights and practices are being applied in many local and State efforts to teach children to read. Unfortunately, for many important questions, there is still little sound research knowledge. For example, while OERI-supported research has developed basic knowledge about how students learn, little is known about knowledge transfer. How is information gained in one situation applied in a new situation? How is knowledge gained in the classroom applied in the workplace? How will higher expectations and holding students to more rigorous academic standards affect their achievement? While we know how to develop reliable and valid assessments of basic skills, much less is known about the best ways to measure accurately more technical skills and achievement of more challenging subject matter in reading, writing, mathematics, and science. While we believe that computer technology can lead to improved student learning and better teaching in mathematics and science, a number of basic questions remain unanswered. How can such technology be used more effectively in the classroom? What uses of computers move beyond entertainment to true learning of

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challenging subject matter? While OERI-supported work has shown that education policies focused on student learning lead to improved student performance, we need better designs for safe and supportive schools.

The 1996 request proposes \$12.9 million for the Achievement Institute. The Department is considering conducting the following activities under this Institute:

- o Continuation of the *National Reading Research Center*, which is based at the University of Georgia and whose mission is to identify and document those conditions in homes, schools, and communities that encourage children to become skilled, enthusiastic, lifelong readers. (\$1.8 million)
- o A new National Research and Development Center on *Teaching and Student Learning*. The research of this center would be designed to advance our understanding of student cognition and learning. Good learners don't just sit back and passively absorb incoming information. Instead, they work actively to make sense of new information by relating it to prior knowledge, questioning its meaning, and exploring its uses. In short, children learn best by thinking and doing, not just by listening and memorizing. The center would focus on fundamental questions such as: How can recent advances in cognitive science be used to improve student learning? What are the most effective ways to teach children challenging subject matter and complex skills? How is knowledge acquired in one setting applied in another setting? What teaching strategies facilitate such knowledge transfer? (\$2 million)
- o A new National Research and Development Center on *Mathematics and Science Education*. The research of this center would be designed to improve student performance in mathematics and science. It is widely known that improved student performance in mathematics and science is important to improved workplace skills and economic productivity. The center would investigate questions such as: What are the best ways to teach mathematics and science? How can technology and simulations be used to improve student performance in mathematics and science? How can technology be used to increase student and teacher motivation? What are the most effective ways for teachers to acquire the knowledge and skills they need to teach challenging mathematics and science? (\$2 million)
- o A new National Research and Development Center on *Student Testing and Assessment*. This center would develop more accurate assessments and tests. It would investigate such questions as: What are the best ways to measure student learning? How can the reliability and validity of tests be improved? How can tests and assessments be used to improve student learning of challenging subject matter? How can tests and assessments be designed to improve students' understanding of what constitutes high quality work in subject areas such as English, mathematics, science, history and geography? How can teachers best assess their students' levels of competency in these core subjects? (\$2.3 million)

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- o A new National Research and Development Center on *Teaching and Learning Environments*. The work of this center would extend our understanding of the nature of productive learning environments and cultures of achievement, at the classroom, school, district, and community levels, and the manner in which they can be developed on a large scale to contribute to high levels of learning by all students. The center would address such questions as: How can classrooms, schools, and communities best provide safe and supportive settings where all students learn at high levels? What are the most effective ways for teachers, parents, administrators, and others who influence learning to acquire the knowledge and skills they need to contribute most to student learning? How will teachers meet the changing demands caused by innovations in learning, instruction, and assessment? What school and district policies and procedures support the development and sustenance of productive learning environments? What are the most effective ways to achieve widespread improvements, with particular attention to the problem of following successful local innovation with innovation on a large scale (sometimes referred to as "scaling up") to improve understanding of how innovations can be transferred and how improved practice can be more widely spread throughout the country? (\$1.5 million)
 - o A significant program of field-initiated studies within the broad topic area of the Institute. These studies could investigate questions such as: How can student writing be improved? What are the best ways to measure growth in student knowledge? What are the best ways to teach the interconnections among literature, history, and the arts? What is the impact of rigorous academic standards on teaching and learning in the classroom? What mix of teaching strategies is most effective in elementary and middle schools? What are the best school schedules? What are the best ways to evaluate teachers' performance? What accountability systems lead to improved student learning? What can be done to improve the educational motivation and engagement of teenagers? How do opportunities to solve problems in work settings deepen students' understanding of the abstract concepts and principles that are taught in school and home? What cognitive and social demands of the workplace, sports, museums, and youth groups provide opportunities for more in-depth learning than is possible at school? Why do secondary school students from other countries frequently outperform U.S. students on international assessments? What can be learned from other countries' education systems that would be useful to local and State improvement efforts? (\$2.6 million)
 - o Meetings with researchers, practitioners, policymakers, and others to help ensure that the research of the institute recognizes and responds to real needs in classrooms, schools, and communities. (\$120,000)

National Institute on the Education of At-Risk Students

There is probably no greater need in American education than finding effective strategies to increase the achievement of students who are at risk of school failure, and these students represent a growing segment of the school population. Prior research has led to major changes in the way that schools and school systems organize and provide services to

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students at risk of educational failure. Research has shown that students who fall behind in their studies should not be removed from the regular classroom and given low-level, remedial instruction, but instead should be provided with an enriched, high quality program. Furthermore, programs such as "Success for All" have demonstrated the need for looking at the whole child—not just focusing on the educational "school day" needs of the child. In order to ease the burden on school personnel, students, and families, we need to investigate ways of increasing the flexibility and coordinating the wide range of Federal and State programs that provide educational, health, and social services to students and identify exemplary service provision models that can be shared nationwide. The challenge is to develop a stronger knowledge base and more effective methods for improving the achievement of students at risk—and finding better ways to make sure that teacher educators, teachers, parents, caregivers, and recipients of funds under Department programs for students at risk receive information they need, when they need it, in the form that they want it. Today, many schools lack the resources to design and implement effective educational programs for these students, and we need to work with school personnel to ensure that they have the information they need.

The Department, through titles I and VII of the Elementary and Secondary Education Act and other programs, invests billions of dollars annually in educational programs serving at-risk students, and the National Institute on the Education of At-Risk Students (At-Risk Institute) sees its role as providing the research-based knowledge necessary to make Federal, State, and local programs more effective in providing educational services to at-risk students. The At-Risk Institute will consult with program officials in the Department and with their clients as it develops its research priorities and program plans. The Institute also will forge service relationships that get the most current and dependable information into their hands, both directly and through such channels as the comprehensive technical assistance centers, the regional educational laboratories, and other ED-supported dissemination and technical assistance programs.

The 1996 request proposes \$12.9 million for the At-Risk Institute. The Department is considering conducting the following activities under this Institute:

- o Continuation of the *Center for Research on the Education of Students Placed At Risk*. This Center, which is based at Johns Hopkins and Howard Universities, focuses its work along three major themes: ensuring success for students at key developmental hurdles; building on students' assets; and helping schools scale up effective programs such as "Success For All." The Center supports 23 projects that address these goals, including:
 - *Lessons from Resilient Children and Youth*, which examines resilience in three African-American communities in order to identify and recommend intervention strategies that improve student outcomes;

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- *Longitudinal Study of Early and School-Age Interventions*, a longitudinal study of the effectiveness of following interventions for infants and toddlers with preschool and elementary school interventions;
 - The *SAFE START Violence Prevention Program*, which is developing and evaluating a comprehensive, school-based violence prevention program in urban elementary schools; and
 - *Scaling Up School Improvement Models*. Whole-school reform strategies have been slow to enter wide-scale practice. One study in this project is examining how one effective model of school improvement—Success for All—can be "scaled up" to approach nationwide implementation through the establishment of regional training sites and the development of district and regional mentoring networks. (\$5 million)
- o A new National Research and Development Center to focus on the *educational needs of America's increasingly culturally and linguistically diverse children and youth*. Work would include research and development activities to help ensure that all students, regardless of cultural or language background, achieve to high standards. Research would include such areas as appropriate strategies to improve the academic achievement of language minority students; understanding how classroom, school, and district supports, including the effective leveraging of ESEA title I and title VII funds, the use of technology, and appropriate forms of assessment, can improve student achievement; learning how productive relationships can be built with students' families and with community organizations to enhance students' learning and personal responsibility; and understanding how systemic reform efforts, including professional development and school restructuring, can build support for achievement. (\$4 million)
 - o A significant level of field-initiated research addressing issues within the broad topic area of the Institute, which could include examinations of alternative disciplinary policies used by schools and their effects on school safety and climate; evaluations of the effectiveness of alternative strategies for reducing school violence, such as conflict resolution training, parent monitors, and enhanced security procedures; studies of effective procedures for making elementary schools into more effective learning environments that also engage parents and communities in providing support for student learning; studies of ways in which schools can work with businesses, churches, public libraries, and community agencies to provide extended learning time and safer environments for at-risk students; and studies of the characteristics of students who succeed in spite of impediments that frequently can be disabling, as well as on the factors that are believed to instill those characteristics in children and youth. (\$2.6 million)
 - o Consensus panels, symposia, and directed studies for synthesizing and judging available evidence in such key areas as effective programs, school violence, dropout

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prevention strategies, training and professional development for teachers of at-risk students, strategies for overcoming the effects of rural poverty and isolation (including the use of technology), and barriers to "scaling up" successful programs. Examples of such activities include:

- *Identification and review of programs designed to produce effective school systems, schools, and communities serving large numbers of at-risk students*
In recent years, many schools in high poverty areas have adopted a variety of programs (e.g., Comer schools, Success for All) that, in one way or another, have attempted to create greater opportunities and supports for students placed at risk of educational failure. The evidence of effectiveness of these programs varies. The Institute would engage experts in a consensus process to examine the evidence of effectiveness, as well as what the programs cost, what the barriers to adopting them might be, and how successful strategies for educating students placed at risk can be replicated and adapted in broad scale improvement programs.
- *Training and professional development for teachers of at-risk students.*
Today's and tomorrow's teachers will face in their classrooms an increasing number of students who confront a multitude of problems in their lives. At the same time, teachers are being asked to re-think what it means to be a teacher, and to implement new curricular and instructional approaches in their classrooms. A structured literature review and symposium in this area would inform school administrators about what types of support teachers of at-risk students believe they need, what types of programs "work best" at preparing the teachers for their new role in education, and what the barriers are to implementing these programs.
- *Strategies for overcoming the effects of rural poverty and isolation.* A large percentage of the students served by rural schools are at risk because of poverty, dysfunctional families, and, for many migratory agricultural workers, limited English proficiency. In addition, rural schools face unique problems caused by diminished economic bases, scarcity of personnel and resources, and geographic isolation. Research on the effects of rural poverty and isolation would identify strategies that rural schools and communities can implement to improve achievement of students at risk of educational failure. A videotaped symposium that reviews research on the use of technology would provide information on how to provide better support for teachers and parents and improved services for students.
- *High standards for all.* Teachers overwhelmingly support the notion of high standards for all students, and they support many of the new reforms in teaching and learning. However, as they face a broader range of achievement levels among their students, they are experiencing difficulty. A symposium (with videotaped and edited proceedings) in this area would provide information

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to help teachers implement reforms and provide challenging learning environments for all of the children in their classrooms. (\$720,000)

National Institute on Educational Governance, Finance, Policy-Making, and Management

If this nation is to compete successfully in the global economy, maintain a strong and vigorous democracy, and allow its youth to achieve to their highest potential, all of our citizens must have access to a rich array of worthwhile educational services. Schools and classrooms must become centers that enable all students to realize learning at high levels. Toward this end, schools must operate within an environment that encourages and supports effective teaching and learning. Integrated, coordinated, and coherent governance, finance, policy, and management decisions that deliberately focus on improving teaching and learning can provide such an environment.

The mission of the National Institute on Educational Governance, Finance, Policy-Making, and Management (Policy Institute) is to develop and disseminate information that will help guide the design and implementation of policy and management decisions supporting high levels of learning by all students. The Institute will begin with problems recognized as critical by public officials, school policymakers, parents, and practitioners. One of the first tasks of the Institute will be to establish a regular, systematic means for assessing client information needs.

Initial work of the Policy Institute will be influenced by three factors: (1) current demands on, and information requirements of, State and local officials engaged in leading and managing comprehensive education reforms; (2) the research and experiential knowledge base relating to the governance, finance, policy, and management operations in both the public and private sectors; and (3) the opportunities to engage in collaborative work with other national Institutes and research and development partners. Potential research questions include: How can State and local policies be aligned to promote high levels of learning for all students? How can finance systems be designed to promote high levels of learning for all students? How can the culture of the school promote learning that meets the needs of individual students and community interests?

The 1996 request proposes \$4.3 million for the Policy Institute. The Department is considering conducting the following activities under this Institute:

- o A new National Research and Development Center on *Education Policy and Finance* to conduct a coordinated and comprehensive program of research and development to assist decision makers in designing, implementing, and sustaining education policy environments that promote high levels of learning for all students. The work of this center would focus on K-12 education and would build on previous research findings.

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The center would pursue questions such as: What are the effects of policy decisions at all levels of government, especially the impact of such decisions on student outcomes? How can multiple policies at each level of government be coordinated to promote higher levels of student achievement? How can teacher certification policies be reformed to ensure that high quality teachers help students achieve at high levels? How can decentralized systems of intergovernmental relations be designed and implemented in a way that promotes high levels of learning for all students? What is the role of regulatory flexibility? How can organizational arrangements and institutional structures be designed to construct productive policy environments? How can education finance systems be designed to promote the equitable and effective distribution of education resources, services, and opportunities (including attention to the allocation of resources to specific content areas, such as both college preparatory programs and vocational education, and particular spending categories, such as administration, technology, and school construction)? (\$2.8 million)

- o A number of field-initiated research studies within the broad topic area of the Institute, which could include: studies that explore school finance systems to ensure all students the adequate resources, programs, and services needed to achieve an agreed level of learning; policy studies related to professional development, including the alignment of certification and preservice programs with State standards; and policy studies related to the effective use of technology to promote student learning. (\$860,000)
- o Directed research on the following topics:
 - *The implications of decentralized decision-making.* The Institute would support work to identify the information needed by various individuals in order to make meaningful site-based decisions and ways to help them design policies to best meet the needs of their students. The Institute would also sponsor research to determine if there are advantages to certain actors within the school, community, or district taking the responsibility for certain types of decisions.
 - *A school culture to promote student learning and community support.* The Institute would support research that identifies and evaluates what constitutes the most effective learning environment for all students in particular and different settings. The questions to be asked may include: What kinds of school management lead to a commitment to learning by all members of the community? How can new roles within the learning community be defined and accepted? How can learning be sustained beyond the school house and the school day? What type(s) of leadership promotes a culture of learning? How can community and non-educational services for children be better harnessed to increase students' opportunities to learn? (\$440,000)

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National Institute on Early Childhood Development and Education

Research to date relevant to the mission of the National Institute on Early Childhood Development and Education (Early Childhood Institute) can be divided into two broad categories: research about how environmental and societal influences, such as poverty and access to pre- and postnatal health care and quality preschools, affect young children and research on early childhood development and education. There is increasing evidence that indicates a critical need to learn more about protecting and nurturing the cognitive and social development and general well-being of young children from a growing number of negative environmental and societal influences.

The Early Childhood Institute research will investigate what factors, including services and supports, will improve the learning, cognitive and social development, and overall well-being of young children and their families. In order to achieve this end, research will be conducted across a variety of contexts, i.e., the family, the community, childcare programs, preschool and kindergarten programs, and the elementary school. State-of-the-art information will be disseminated in a variety of formats so that research can be put to practical use by families, policymakers, early childhood practitioners, other researchers, educators, and the general public.

The following five broad research and development questions will be addressed by the Institute: What is "school readiness?" What is the role of services in facilitating student achievement in school? How can we facilitate the transition from early childhood programs such as Head Start to elementary school? What factors lead to the development of pre-reading and reading skills in children? What roles do the family and community play in the learning of children? In addition to these five research questions, three cross-cutting themes will be woven into the Institute's activities. These themes are: How do we facilitate interprofessional development in early childhood care and education? How can technology be used to enhance early learning? How can the Early Childhood Institute coordinate with other agencies and organizations involved in early childhood issues?

The 1996 request proposes \$6.5 million for the Early Childhood Institute. The Department is considering conducting the following activities under this Institute:

- o A new National Research and Development Center that would investigate *the role of a variety of services in facilitating student achievement in school*. The multiple threats of poverty, poor health care, and low school achievement are alarming and frustrating to educators, health providers, researchers, policymakers, and the general public. The learning, cognition, and general well-being of children who live in impoverished environments are in constant jeopardy. Existing research does not tell us whether the provision of any particular service(s) makes a substantial contribution to the child's well-being or success in school. We need to determine what individual and combined services enable children to arrive at school prepared to learn. The center would address questions such as: What are the conditions and needs of children today?

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What is the relationship between children's well-being and success in both preschool and K-3? What is the effect of individual services and supports on children's success in preschool and in school? Does the coordination of sets of services enhance their effectiveness for individual students? How can the effectiveness of services and supports be measured at the student, family, and community/systems levels? How can we develop more effective child- and family-centered service delivery mechanisms for preschool and in K-3? How can research assist policymakers, educators, and families in providing services to young children? (\$2.8 million)

- o A significant number of field-initiated studies relevant to the broad topic area of the Institute, which could include studies of computers and early learning, transitions from Head Start, strategies to improve parent involvement in early education, and child care environments as learning environments. (\$1.3 million)
- o Directed research, which would include a significant amount of interagency research because OERI is a newcomer to the early childhood research community. Most of the previous research has been sponsored by agencies of the Department of Health and Human Services and the Department's Office of Special Education and Rehabilitative Services. In order to appropriately address the multiple needs of young children, an interagency approach is needed. Examples of the activities that would be undertaken are the following:
 - National Academy of Sciences (NAS) *Reading Study*. In 1995, the Office of Special Education and Rehabilitative Services will fund a study of early childhood reading, which will be conducted by the National Academy of Sciences. The goals of this study are to: (a) comprehend and synthesize the rich but fragmented research literature; (b) distill the research findings into a usable format for educators, families, child development professionals, child care and health care professionals, and others involved in the care and teaching of young children; and (c) convey this knowledge to targeted audiences through publications, conferences, technology, and a variety of outreach activities. This study will provide a knowledge base about pre-reading skills and reading difficulties in young children, and the early identification of problems and available interventions. The Institute would contribute to this study in 1996. Head Start is also being invited to participate in the study. (\$300,000)
 - Research on *Learning, Families, and the Community*. The Early Childhood Institute would fund a set of three projects that would address issues related to: (a) family literacy; (b) summer learning; and (c) improved parenting skills and education for teen-age mothers. These projects would be funded to investigate questions such as: What happens to young children's cognitive and social growth and development during prolonged school vacations? What role can libraries and other summer learning programs play? Are children of teen-age mothers different from children whose mothers are older? What interventions can yield long-term improved outcomes for both mothers and children? What

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specific components of the Even Start program are most effective and can those components be applied to other early education and family literacy programs? The Postsecondary Institute and the Even Start program would participate in these studies. Upon funding, the projects would coordinate their activities with each other, share information and findings, and jointly develop materials that would help put research into practice. (\$1.5 million)

- *Research on Prevention of Social Development Problems.* With the Office of Special Education and Rehabilitative Services and the Center for Mental Health Services in HHS, the Early Childhood Institute would collaboratively fund a study focusing on the prevention and early identification of social development problems in young children. The types, intensity, and duration of interventions with different types of inappropriate behaviors would be studied in young children. (\$150,000)
- *Conferences.* During 1996, the Institute would convene conferences related to comprehensive services, family involvement in schools, and other early childhood issues. These conferences would be collaboratively sponsored with Maternal and Child Health, Head Start, the Office of Special Education and Rehabilitative Services, Even Start, and/or the Center for Mental Health Services. (\$85,000)
- *Inclusion Study.* This would be a policy study conducted at Vanderbilt's Research Center on School Inclusion. The Center is in its first year, and OERI is committed to a five-year project to study what policies aid or hinder inclusion of students with disabilities in regular classrooms. (\$75,000)
- *Early Childhood Research Working Group.* On February 1, 1995, Institute staff will convene the first meeting of an Early Childhood Research Working Group. To date, 48 agencies have been identified and invited to take part in this activity. The purpose of the Working Group is to determine what we know and what we need to know about early childhood research, interprofessional development, and dissemination. Opportunities for other collaborative funding activities are anticipated as a result of the work of this group.

National Institute on Postsecondary Education, Libraries, and Lifelong Learning

Consistent with Goal 6 of the Goals 2000: Educate America Act, the National Institute on Postsecondary Education, Libraries, and Lifelong Learning (Postsecondary Institute) seeks to advance the education and training of adults to provide them with the knowledge and skills necessary to compete in a global economy and exercise the rights and responsibilities of citizenship. Toward these ends, the Institute will conduct research and a limited amount of development designed to promote excellence and equity in the education and training adults receive.

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The Institute's research will focus on educational investments in human capital over the course of adults' lives. The Institute will examine these investments in five different types of education programs: (1) those in traditional postsecondary institutions such as community colleges, proprietary schools, and universities; (2) those provided by employers, both private and public; (3) community-based education provided by organizations such as libraries; (4) adult literacy programs; and (5) correctional education programs. The principal focus will be on assessing program effectiveness and access/participation, but the Institute will also examine the effects of technology, assessment, professional development, and finance. The presence of related research and development programs elsewhere in the government suggests a strategy of collaborative research for the second group of issues—technology, assessment, etc. Examples of research questions include: How effective are different kinds of postsecondary education programs in providing students with the competencies necessary to succeed in present and future labor markets? What kind of competencies will future labor markets require? How effective is employer-sponsored education (and training) in increasing employee competencies and improving employment outcomes? What models and methods of training are most effective in increasing the literacy competencies of trainees at various levels of literacy? In higher education institutions, what are the causes and effects of new patterns of participation, characterized by increasing numbers of intermittent enrollments, more continuing education and more participation by working adults? In adult literacy, persistence and completion rates are so low as to call into question the viability of programs such as adult basic education. Are there methods and models of adult education that increase persistence and completion rates substantially?

The 1996 request proposes \$6.5 million for the Postsecondary Institute. The Department is considering conducting the following activities under this Institute:

- o Two new National Research and Development Centers. One of these centers would examine *quality, access, and productivity in postsecondary education* in a human capital framework, with attention to issues such as the effectiveness of postsecondary education in preparing students for a rapidly changing labor market; underemployment among recent postsecondary graduates; causes and effects of intermittent or discontinuous postsecondary education; improving completion rates of minorities; and the role of technology in improving access, quality, and productivity in postsecondary education.

The second center would examine issues in *adult learning*, with attention to issues such as the efficacy of adult basic literacy programs in improving reading and math skills and preparing individuals for the labor market; methods of improving program participation and completion rates; methods of improving the teaching of higher order thinking and other high-performance workplace skills; and the effectiveness of model programs for the training and retraining of adult workers, including displaced workers. (\$4 million)

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- o A significant number of field-initiated research studies within the very broad topic area of the Institute, such as investigation of issues pertaining to the notion of work-related credentials and assessment of the effectiveness of distance learning for adults. (\$1.3 million)
 - o A directed research program that would examine *lifelong learning as an investment in human capital*, with attention to issues such as the cost and effectiveness of information technology programs in providing adults with work-related education at home and in the office and ways in which library programs can provide new means of access to work-related information, especially for users in the inner cities and rural areas. (\$860,000)

National Education Dissemination System

The \$52 million requested for the national education dissemination system represents an increase of \$3 million or 6 percent over the comparable 1995 amount. With these funds OERI plans to connect research and practice and promote widespread use of research-based information through a dissemination system that includes the regional educational laboratories, the National Diffusion Network (NDN), electronic networks, and activities of other offices in the Department.

Of the total requested for the national dissemination system, \$41 million would be devoted to support for regional educational laboratories, \$9 million to funding of the Educational Resources Information Center (ERIC), and \$2 million to support for the Institutional Communications Network (INET) and funding of other system support and evaluation activities.

The ten *Regional Educational Laboratories* assist educators and policymakers in their efforts to implement effective school reforms and solve State and local educational problems. Using the best available research and development information and the experience and expertise of highly-skilled professionals, laboratories try out new approaches to teaching and learning, provide training and technical assistance to teachers, administrators, and policymakers, and disseminate knowledge and research findings about what works with diverse student groups under a variety of conditions.

The laboratories have specific mandates, which frame their work while allowing for both a regional and national focus. A key mandate of the laboratories is to support and help strengthen State and local efforts to improve schooling for students at risk of leaving school unprepared for successful employment, further education, or productive citizenship; another key mandate is to target work to meet the needs of small rural schools. The laboratories also conduct work that supports each of the eight National Education Goals, with the goals of school readiness, student achievement and citizenship, teacher education and professional development, and mathematics and science achievement receiving the most attention. Within these broad mandates, individual laboratory programs are set by regional governing boards. The boards guide the laboratories' efforts to transform systemic education reform strategies into regional, State, and local policies, programs, and initiatives. At the same time,

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the governing boards ensure that these institutions are responsive to the specific needs of schools, teachers, and students in their service areas.

With the funds requested, new, five-year contracts would be awarded in November 1995 to support regional educational laboratories. Under the new contracts, the laboratories would organize their work along two major themes: (1) providing assistance at the local and State levels to facilitate putting the pieces of educational change and improvement together in ways that will result in systemic education reform, and (2) providing assistance at the local and State levels to facilitate the "scaling up" of comprehensive reform to encompass all schools, all levels of educational administration, and all programmatic areas. Under the new contracts, laboratories would also:

- o Emphasize development and applied research that supports systemic education reform and effective processes for sustaining change, and establish a theme-driven, coherent focus for all laboratory activities;
- o Establish at least one specialty area in which the laboratory would undertake intensive development work and coordinate its activities with appropriate Research Institutes;
- o Collaborate closely with other Department-funded technical assistance providers—particularly the new comprehensive regional assistance centers and the technology technical assistance and professional development consortia—and Department-funded research and dissemination programs, including the Institutes and the research and development centers they fund, ERIC, and the National Diffusion Network; and
- o Expand the laboratory network program, in which laboratories collaborate around issues of national concern, such as technology, and work with the Department of Education in the implementation of conferences and other nationwide activities.

In summary, under the new contracts the traditional strengths of the laboratories—convening working groups within the region, engaging policymakers and practitioners in common efforts, establishing learner communities that are facilitated by electronic networks, translating research information into forms for practitioner and policy use, developing products and processes with State and local development partners and field-test sites, disseminating, training, and consulting—will be augmented with a focus on systemic education reform, extensive collaboration, and work on issues of national scope.

The *Educational Resources Information Center* is a national information system designed to provide users with ready access to an extensive body of education-related literature and materials. It has evolved into a network of clearinghouses, support components, and partnerships that collectively create and provide access to ERIC's databases, microfiche collections, publications, and other products and services to increase awareness and understanding of the major issues in education. ERIC—which produces the world's largest education database—is both the repository of a tremendous collection of materials as well as an active synthesizer and disseminator of information.

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ERIC gives educators, researchers, community members, and students ready access to the most current and important education information. ERIC spans preschool to postsecondary concerns and can play a supportive role in the education reform and restructuring initiatives that are being implemented in States and school districts across the country. By acquiring, synthesizing, and disseminating information about what works, ERIC empowers its diverse users to find answers to their education questions, and to support the attainment of the National Education Goals.

ERIC is in the forefront of efforts to make education information available through public networks such as the Internet. In addition to enhanced electronic dissemination, ERIC's priorities include expanding database coverage to include books, increasing user support through toll-free lines at each clearinghouse, and packaging the latest research findings and practice-oriented materials in ways that provide maximum value to practitioners, including full-text access where possible.

This activity includes the contracts of 16 subject-specific clearinghouses, the ERIC Processing and Reference Facility, ACCESS ERIC, and the ERIC Document Reproduction Service; it also supports ERIC printing, ADP, and FTS 2000 costs. The budget request would also provide at least partial support for AskERIC, an award-winning, innovative, online education information service coordinated by the ERIC Clearinghouse on Information and Technology at Syracuse University. AskERIC includes an online question-answering service, an extensive online digital library, the National Parent Information Network, and an active research and development component.

Certain enhancements of the ERIC program are planned for 1996. These include providing ready access to the ERIC bibliographic database via the Internet; providing the full text of ERIC documents in electronic form; and developing a seamless, one-stop service to users, which involves quickly distributing questions to available and appropriate specialists, building mechanisms for quality control, and capturing responses to guide further resource development. In addition to enhancing access, ERIC would adopt new strategies to enhance the information in its bibliographic database to provide a complete range of educational materials and services. The ERIC program—in concert with OERI's other funded institutions—will dramatically expand both the pool of research-based resources available to teachers and teacher access to those resources.

The *Institutional Communications Network* (INet) currently functions as the Internet node for OERI. With additional funds in 1996, it would be used to: (1) improve collaboration and information sharing among OERI-funded institutions; (2) disseminate relevant and useful research, information, products, and publications to schools, educators, parents, and policymakers; (3) link other offices of the Department, the Research Institutes, NCES, the National Library of Education, and other entities engaged in research, development, dissemination, and technical assistance supported by the Department; and (4) serve as a repository of information about Department programs and competitions, current research and development projects, and publications, the statistics and data published by NCES, syntheses of research and development findings, and instructional and other educational materials available through telecommunications and other sources.

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National Library of Education

The National Library of Education is to become a principal center for the collection, preservation, and effective utilization of research and other information related to education and the improvement of educational achievement. Using modern information technology, it will link major libraries, schools, and educational centers across the United States into a network of national education resources. The Department has for many years supported OERI's education research library with administrative funds. The funds requested in this account are intended to add to that spending to transform the research library into the National Library of Education required by the new legislation.

Priority activities for the new National Library include:

- o Establishing and maintaining a one-stop information and referral service to respond to telephone, mail, electronic, and other inquiries;
- o Providing for the delivery of comprehensive reference services on subjects related to education, including search and retrieval of electronic databases; and
- o Promoting greater cooperation and resource sharing among libraries and archives with significant collections in the area of education, through means such as: establishment of information and resource sharing networks; development of a unified, national list of education journals held by education libraries throughout the United States; development of directories and indexes to textbook and other specialized collections held by education libraries throughout the United States; and cooperative efforts to preserve, maintain, and promote access to items of special historical value or interest.

The 1996 request of \$1.6 million in supplementary funding for the National Library would be used for the following new and expansion activities:

- o *Collection Development.* The National Library would acquire materials, in print and other formats, to support the development of a comprehensive collection of education materials. This would include building resources in areas of current topical interest, including the topic areas of the new Institutes, and expanding resources where current coverage is inadequate. (\$500,000)
- o *Technical Services.* The cataloguing backlog of the existing library would be eradicated within three years. Activities would also include improving access to the collection; developing a plan to assess and prioritize the handling of materials not currently catalogued; evaluating priority areas of the collection and whether certain materials should be retained; and incorporating Department publications and making them accessible electronically. (\$250,000)

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- o *Reference and Information Services.* The Library would initiate efforts to support comprehensive and full-range reference services. Expanding the use of online databases and services, utilizing new forms of information technology, and improving access to networks and resources of other institutions would be included. Staff would be trained in improved use of new online services. A plan for overall assessment of current collections, preservation of historical and archival materials, particularly legislative and rare materials, would also be developed. (\$250,000)
- o *Resource Sharing.* The Library would develop a strategy for resource sharing. Plans would promote the involvement of academic, Federal, and special libraries and education organizations and institutions to develop new and expand current information and resource networks. Expansion of cooperative efforts and use of modern information technologies, digitization of materials, and promotion of electronic access would be the primary goals. (\$600,000)

IMPACT DATA (\$ in 000s)

	1994	1995	1996
National Educational Research Policy and Priorities Board	—	\$1,000	\$1,000
National Research Institutes			
Achievement Institute			
Centers	\$14,500	13,700	9,600
Field Initiated Studies	287	0	2,580
Directed Research	289	0	120
Cross-cutting Activities	<u>0</u>	<u>0</u>	<u>600</u>
Subtotal, Achievement Institute	15,076	13,700	12,900
At-Risk Institute			
Centers	5,200	7,600	9,000
Field Initiated Studies	287	0	2,580
Directed Research	289	0	720
Cross-cutting Activities	<u>0</u>	<u>0</u>	<u>600</u>
Subtotal, At-Risk Institute	5,776	7,600	12,900

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IMPACT DATA (\$ in 000s)—Continued

	1994	1995	1996
Policy Institute			
Centers	\$4,600	\$4,800	\$2,800
Field Initiated Studies	96	0	860
Directed Research	96	3,200 ¹	440
Cross-cutting Activities	<u>0</u>	<u>0</u>	<u>200</u>
Subtotal, Policy Institute	4,792	8,000	4,300
Early Childhood Institute			
Centers	1,500	1,500	2,750
Field Initiated Studies	144	0	1,290
Directed Research	145	0	2,110
Cross-cutting Activities	<u>0</u>	<u>0</u>	<u>300</u>
Subtotal, Early Childhood Institute	1,789	1,500	6,450
Postsecondary Institute			
Centers	5,200	5,400	4,000
Field Initiated Studies	144	0	1,290
Directed Research	145	0	860
Cross-cutting Activities	<u>0</u>	<u>0</u>	<u>300</u>
Subtotal, Postsecondary Institute	5,489	5,400	6,450
Total, Institutes	32,922	36,200	43,000
Total, Centers	31,000	33,000	28,150
Total, Field Initiated Studies	958	0	8,600
Total, Directed Research	964	3,200	4,250
Total, Cross-cutting Activities	0	0	2,000
Total, Peer review of new award applications (non add) ²	(46)	(200)	(139)

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IMPACT DATA (\$ in 000s)—Continued

	1994	1995	1996
National Education Dissemination System			
Laboratories	\$38,032	\$41,000	\$41,000
ERIC	7,044	7,997	8,996
ERIC: Peer review of new award applications	2	3	4
INet	0	0	1,500
Printing	0	0	500
Total, Dissemination System	45,078	49,000	52,000
National Library of Education	—	—	1,600

¹ These funds are for a mandated study of school finance to be carried out by the National Academy of Sciences.

² Funds for peer review of new award applications included on this line are the total for the five Institutes for centers, field initiated studies, directed research, and cross-cutting activities.

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Statistics

(National Education Statistics Act)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$48,153	\$57,000	+\$8,847

PURPOSE AND METHOD OF OPERATION

The statistics program administered by the National Center for Education Statistics (NCES) collects and reports statistics and other information showing the condition and progress of education in the United States and other nations in order to promote and accelerate the improvement of American education. NCES issues regular reports on such topics as the Commissioner determines to be appropriate, and special reports on particular education topics. NCES issues numerous data tabulations and reports at the request of education policymakers. The Commissioner of NCES reports annually to the President and Congress on the condition and progress of education in the United States.

The core duties of the Center are as follows:

- o acquiring and disseminating *statistical information on subjects connected with education*, such as the social and economic status of children who reside in different local school districts, high school completions and dropouts, student progress and achievement, school safety, the financing of education, financial aid to postsecondary students, and the characteristics of the education workplace;
- o collecting and compiling *statistics on the condition and progress of education* in the United States, conducting and publishing reports and analyses on the meaning and significance of such statistics, conducting longitudinal studies and regular and special surveys and data collections necessary to report on the condition and progress of education, and making international comparisons of educational activities and student achievement;
- o assisting educational agencies, organizations, and institutions in *improving and automating* their statistical and data collection activities, especially through cooperative endeavors; and supporting a cooperative education statistics system that produces and maintains comparable and uniform information on elementary and secondary education, libraries, and postsecondary education.

EDUCATION RESEARCH, STATISTICS, AND IMPROVEMENT

Statistics

Funding levels for the past 5 fiscal years were as follows:

	(\$ in 000s)
1991	\$44,312
1992	47,313
1993	48,588
1994	48,588
1995	48,153

1996 BUDGET REQUEST

For 1996, the Department seeks \$57.0 million, an increase of \$8.847 million or 18 percent, for the activities of the National Center for Education Statistics (NCES), excluding the National Assessment of Educational Progress. The recognized Federal role in providing data and information about education dates back to 1867. And indeed, NCES data are the major source of information about the Nation's \$400 billion dollar per year education industry. They are used to gauge the effects of reforms and the return on investments in education. The statistics program envisioned for 1996 reflects three key objectives.

The statistics program provides *general statistics* about the condition of, and trends in, education. It is the duty of NCES to collect, acquire, compile, and disseminate full and complete statistics on the condition and progress of education, at the preschool, elementary, secondary, and postsecondary levels. The data are gathered from many sources—for example, from administrative records, surveys of households, or surveys of students within schools—and are used for many purposes. Some of the data are used to explore specific issues in education, some to measure progress, and some as the basis for allocating Federal education funds.

The program provides data to *monitor reform* and progress toward the National Education Goals and to *support the research agenda* of OERI. One of the most important ways the Department supports State and local reform efforts is by providing comprehensive information about education—education in the States, in the Nation, and in the United States as compared to other countries. NCES's education indicators provide feedback that can be used to gauge the success of actions taken by States and local communities, as well as the Federal government, to bring about education reform. Local, State, and Federal policymakers seek and use NCES' reliable, timely data to make decisions about education. The National Education Goals Panel 1994 report, *Building a Nation of Learners*, cites fourteen of NCES's data bases and as sources for information used to assess progress toward achieving the National Education Goals. NCES data are used by researchers to study important problems and issues in education and will provide an important source of information for researchers as they address the research agendas of OERI's five research Institutes.

The NCES statistics program also *looks to the future*. The program includes activities associated with the development and use of new technology and new statistical and assessment methodologies, and the exploration of new ways to present data, all designed to make NCES a more efficient and effective organization. The new Education Statistical Services Institute, to be completed in 1995, will provide NCES with a more flexible way of doing business

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with the private sector. NCES anticipates that the Institute will enable it to reduce the costs of providing additional data by designing surveys that use samples in new ways and by using "nested" data sets (for example, students within classrooms within schools within districts) for multiple purposes. Also, NCES is currently conducting a project designed to identify emerging data needs, policy issues that policymakers will require data to address, and technologies for producing and disseminating large data bases efficiently.

The budget request for NCES includes funds for a core program of statistics, the costs of which fluctuate somewhat from year to year as surveys enter various phases, and additions to the core program. The core program addresses the objectives outlined above and the NCES duties described in the preceding section. It has evolved over the past 10 years in response to legislation, evaluation, and particular data needs and in consultation with education researchers, data providers, and data users.

The core program NCES envisions in 1996 would cost \$49.84 million and would continue to provide:

- o a wide array of basic *administrative records data* from educational institutions, agencies, and libraries. These data sets—on expenditures, revenues, enrollments, faculty, and graduates—provide a wealth of information useful in exploring and describing trends in education and deviations from these trends; some of these data serve as the basis for allocating Federal education funds.
- o cross sectional and longitudinal *survey data* on topics identified by a variety of data users, including Congress, the Department, and the Goals Panel, as well as other education policymakers, educators, parents, and the general public. Collectively, NCES surveys provide a broad range of statistics on education. Individual surveys focus on specific issues in education such as access to education, student backgrounds and educational experiences, the persistence of secondary or college students in school and the factors associated with their dropping out of school, and the literacy, education, and training of adults. The core program includes regular surveys to determine the effects of student aid policies on postsecondary students, a topic of particular concern because of the sizeable Federal investment in this area.
- o *data for international comparisons* of instructional practices and students' educational achievement. The core program provides an array of assessment and education indicators useful for comparisons of education across nations, and includes studies to increase understanding of the distinctive characteristics of education and student achievement in other nations and to inform debate about "world class standards."
- o *technology, training, data development and analysis, and methodological studies.* These elements of the core program support NCES's responsibility to analyze and disseminate data. NCES increasingly employs technology, especially electronic formats and networks to disseminate data and make it easier for users to manipulate. With its data more generally accessible, NCES has assumed a greater responsibility for training data users. The training of researchers in the use of NCES data encourages careful analysis of data using proper statistical methodologies; it also helps disseminate NCES

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data more broadly and keeps NCES in touch with researchers and their needs. Methodological studies, including those that exploit technology, are fundamental to data analysis.

Proposed additions to the core program (\$7.16 million) would expand the Center's data collections. These additions would:

- o *allow more frequent collections:* NCES would continue to collect data from a sample of households on a 2-year cycle, instead of on a 3-year cycle as funding for the core program would permit. NCES uses household surveys to collect education-related data that cannot be readily obtained from schools or teachers—generally, to collect information about adult education, early childhood education, and parents' perceptions of educational issues. Where trend data are valuable—currently for issues such as parents' perceptions of school crime and parental involvement in education—a 2-year cycle would allow the construction of trends at a faster pace.
- o *provide additional data* in areas in which further data is needed: NCES would provide additional data in four areas related to current reform efforts: adult literacy, workplace literacy skills, postsecondary education skills assessment, and instructional practices at the elementary and secondary levels. NCES plans to develop its next adult literacy survey in conjunction with surveys of workplace literacy and postsecondary education skills. This integrated survey would be developed in collaboration with the Department of Labor and representatives of the postsecondary education community, as well as experts in the field of assessment methodology. NCES would also begin to collect data on instructional practices, crucial to understanding what goes on in the classroom and how classroom practices affect student learning.
- o *facilitate the inclusion of data from special populations* in NCES data collections: NCES would develop procedures to include special populations—such as students with limited English proficiency and students requiring special education services—in every aspect of education statistics, including assessments. The inclusion of special populations will require the development of new assessment, interviewing, and surveying techniques.
- o *facilitate the development and application of new technology:* With additional funds, NCES would accelerate its work on the use of technology to collect, report, and disseminate statistical data in a more cost-effective and timely manner.

EDUCATION RESEARCH, STATISTICS, AND IMPROVEMENT

Statistics

IMPACT DATA (\$ in 000s)

	1994	1995	1996
Cross-sectional sample surveys	\$11,314	\$12,440	\$12,581
Institutional census collections	9,077	8,411	9,344
Longitudinal surveys	6,931	3,502	4,322
International studies	8,672	9,300	8,043
Methodological research, special analyses, data development and technical assistance	6,795	9,350	16,560
Cooperative systems and dissemination	5,799	5,150	6,150

EDUCATION RESEARCH, STATISTICS, AND IMPROVEMENT

Assessment

(National Education Statistics Act, sections 411 and 412)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

	<u>1995</u>	<u>1996</u>	<u>Change</u>
National Assessment of Educational Progress	\$29,757	\$34,500	+\$4,743
National Assessment Governing Board	<u>3,000</u>	<u>3,500</u>	<u>+500</u>
Total	32,757	38,000	+5,243
FTE ¹	11	11	0

¹ FTE that are associated with the National Assessment Governing Board are financed by this activity.

PURPOSE AND METHOD OF OPERATION

The *National Assessment of Educational Progress* (NAEP) is the only nationally representative assessment of what American students know and can do. NAEP measures and reports the status and trends in student learning over time, subject by subject.

Nationally representative assessment data must be collected and reported at least once every two years on students in grades 4, 8, and 12 in the Nation's public and private schools. Assessments of State-representative samples of students are also authorized and regularly conducted in States wishing to participate. States bear the costs of conducting State-level assessments in the State. The Secretary may also require States to share other reasonable costs of State assessments, such as the costs of data analysis and reporting. On-going evaluation of the NAEP program is required.

The *National Assessment Governing Board* (NAGB) is responsible for formulating policy for NAEP. NAGB is composed of twenty-five voting members including Governors, State legislators, chief State school officers, superintendents, State and local board of education members, testing and measurements experts, curriculum specialists, teachers, and parents. Using a national consensus approach, NAGB develops appropriate assessment objectives and student achievement levels for each age and grade in each subject area to be assessed.

Funding levels for the past 5 fiscal years were as follows:

	(\$ in 000s)
1991	\$19,211
1992	29,900
1993	29,262
1994	29,262
1995	32,757

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Assessment

1996 BUDGET REQUEST

For 1996, the Department seeks \$38.0 million, an increase of \$5.243 million or 16 percent, for assessment activities (including both NAEP and NAGB). Providing the public with reliable information about the condition of American education is an essential aspect of the Federal role in education, and data on student achievement is key to describing the condition of education. NAEP is the only source of the needed nationally representative data. NAEP is used widely to judge the overall effectiveness of national educational improvement efforts and is the primary source of information for assessing and reporting progress toward National Education Goal Three, student competency over challenging subject matter.

As NAEP tests have been improved by including more performance items and open-ended questions, the costs of the program have risen. Increased funding is necessary to continue frequent and regular testing of student performance in the critical subjects of reading, mathematics, science, and writing. Maintaining a stable base for comparing students' performance over time is essential to evaluating the effects of reform efforts. Additional spending will ensure that NAEP continues to be a leader in assessment and an unparalleled source of information about the educational achievement of U.S. students.

In 1996, national assessments would be conducted in mathematics, science, and reading, in grades 4, 8, and 12 and State assessments would be conducted in math and science in grades 4 and 8. The sample for the national assessments would include about 150,000 students; the State samples for the approximately 45 States participating will include about 225,000 students, or roughly 5,000 students per State. Both the reading and mathematics assessments will provide valuable trend data, as reading was assessed in 1994 and 1992 and mathematics in 1990 and 1992. Field tests of an arts assessment, begun in 1995 in three grades, would continue in 1996 and would lead to an assessment of the arts, in grade 8 only, with a smaller than normal sample of students, in 1997. The smaller sample, a cost-savings measure, will provide nationally representative data, but will not permit performance reporting by numerous subgroups. The assessment instruments prepared following the arts field tests could be used by States, independently, to assess their arts programs, or by the Department to conduct arts assessments in additional grades should funds become available from private sources. For the 1996 State assessments, States would continue to bear the costs for coordination and test administration in public schools, as they have traditionally done. The Department intends to pursue additional cost-sharing with States, and expects to reach agreement with the States on other reasonable cost sharing before the 1998 assessments.

The request includes funds for planning and designing future assessments. Current Department plans for 1998, still being discussed with NAGB, are for national assessments of math, reading, and writing, in grades 4, 8, and 12, and State assessments of reading and writing in two grades. The Department and NAGB are continuing work on the inclusion in NAEP testing of students with limited English proficiency and students with disabilities. In addition to the funds for assessment operations, the 1996 request includes funds for NAEP-related activities such as secondary analysis of NAEP data, external evaluations of NAEP, and technical assistance to States in interpreting NAEP data.

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Assessment

The request also includes funds for NAGB to support its operations, including its meetings and compensation and benefits for its staff. It also includes funds for NAGB to conduct national consensus projects both to develop frameworks and specifications for future NAEP subject area assessments and to set achievement levels for reporting assessments results, as well as funds for NAGB to print and distribute assessment frameworks, occasional papers, and other NAEP-related publications.

IMPACT DATA (\$ in 000s)

	1994	1995	1996
NAEP			
Assessment operations	\$23,077	\$26,266	\$31,000
Technical review, evaluation, secondary analysis, and special studies	3,259	3,491	3,500
Subtotal, NAEP	26,336	29,757	34,500
NAGB			
Board operations	1,742	1,797	1,882
Framework development	0	600	600
Achievement level setting	1,178	600	1,015
Peer review of new award applications	6	3	3
Subtotal, NAGB	2,926	3,000	3,500

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Eisenhower professional development national activities

(Elementary and Secondary Education Act of 1965, title II, section 2102 and part C)

1996 Authorization (\$ in 000s): Indefinite ¹

Budget Authority (\$ in 000s):

	<u>1995</u>	<u>1996</u>	<u>Change</u>
Professional development			
Federal activities	\$21,356	\$32,000 ²	+\$10,644
Professional development demonstration project	<u>0</u>	<u>3,000</u> ²	<u>+3,000</u>
Total	21,356	35,000 ²	+13,644

¹ Of the total amount appropriated for title II, 5 percent is set aside for part A (of which 5 percent is set aside for section 2103), and 1 percent is set aside for part C, except that the amount for part C shall not exceed \$3.2 million in any fiscal year.

² Proposed appropriations language would override the set-asides for part A, section 2103, and part C and specify amounts for section 2102 and part C.

PURPOSE AND METHOD OF OPERATION

The *Eisenhower Professional Development Federal Activities* program supports activities of national significance contributing to the development and implementation of high-quality professional development in the core subject areas. It replaces the Eisenhower Mathematics and Science Education National Programs, and provides continued support for certain activities initiated under that authority. The Eisenhower National Clearinghouse for Mathematics and Science Education, which maintains a repository of mathematics and science education materials for elementary and secondary schools, is specifically authorized.

Examples of authorized activities include: providing seed money to agencies and organizations to develop their capacity to provide professional development; supporting professional development with strong academic and pedagogical content for teams of teachers and other educators from individual schools; encouraging the development of professional networks to allow for interaction among teachers of the core academic subjects; supporting the National Board for Professional Teaching Standards (NBPTS); encouraging development of models for recruiting and retaining new, highly qualified teachers; promoting the transferability of certification; and disseminating information about emerging academic standards and related professional development. Evaluation of activities carried out under both the Federal and State Eisenhower programs is also authorized.

The purpose of the *Professional Development Demonstration* program is to address the need for professional development that is focused on teachers' needs; to provide both prospective and experienced teachers the opportunity to learn the content and pedagogy necessary to teach to high standards; and to demonstrate models of new organizational arrangements and the level of investment in teachers necessary to prepare them to teach to new standards and

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Eisenhower professional development national activities

assessments. Eligible applicants are partnerships of local educational agencies (or a subunit or consortium of local educational agencies) with at least 50 percent of the schools served eligible for schoolwide projects under Title I, together with a teachers' union, one or more institutions of higher education, local parent or community council, and a business or non-profit partner with a demonstrated record in staff development.

Both planning and implementation grants are authorized, planning grants for a period of six to nine months and implementation grants for four years. At least twice as many planning as implementation grants must be made the first year of the program (1996). No award may exceed \$500,000, and partnerships that demonstrate the ability to raise matching funds from private sources receive priority in the award of grants. The Secretary must award not less than 75 percent of the funds available to those partnerships serving schools with the greatest number of poor students.

Funding levels for the past 5 fiscal years were as follows:

	(\$ in 000s)
1991	\$16,591 ¹
1992	20,880 ¹
1993	20,664 ²
1994	20,864 ²
1995	21,356

¹ Includes \$4.88 million for the NBPTS, which was authorized only by the appropriation act.

² Includes \$4.792 million for the NBPTS appropriated under title V, part D of the Higher Education Act.

1996 BUDGET REQUEST

The Department requests a significant increase for Eisenhower Professional Development National Activities. This is an important investment of Federal funds because the activities to be supported would aid in the long-term reform of professional development that is absolutely essential if teachers are to be prepared to help students learn to higher academic standards.

The increase is requested for three activities. One is a second competition (the first is to be held in 1995) for projects to design and implement comprehensive Statewide reform of initial teacher preparation in the academic content areas. This support for reform of initial teacher preparation, including how new teachers are supported during their first years in the classroom, is intended to help States develop and establish the means to provide new teachers with the knowledge of academic content and pedagogy necessary to prepare all students to meet emerging academic standards. This second competition would allow the number of States participating in this activity to increase from six or seven to 15 or more.

A second major activity is support for the development of teacher networks. The many teachers who have provided input to the Department over the last two years have consistently decried teachers' lack of adequate opportunities to talk with one another and share teaching strategies. And, indeed, research has shown that teacher networks are a powerful professional development strategy. Therefore, the Department would support activities to build teacher

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networks that facilitate interaction among teachers. These networks would be technology-based, but could include a variety of other strategies such as teacher institutes, developed and implemented with the collaboration of professional associations and others. Networks could be local, statewide, regional, or national. They could be urban or rural. They could be organized around specific subjects, or they could be multidisciplinary. They could be organized around specific issues. The Department would fund a wide variety of networks, but all would focus on teachers talking with one another about teaching and learning.

The third activity is the Professional Development Demonstration Project, authorized under part C of the Eisenhower Professional Development Program. Funds would be used to support partnerships that include local school districts to examine (and demonstrate) what must be done to provide both prospective and current teachers with the knowledge necessary to help students meet higher State standards. The demonstrations would be carried out in school districts where more than half the schools are eligible to participate in schoolwide programs under Title I. The demonstrations would be implemented over at least four years, and the effects would be carefully evaluated to ensure that lessons can be shared nationwide.

Funds would also support projects initiated in prior years, including the National Clearinghouse for Mathematics and Science Education Materials. The Clearinghouse now provides services to teachers online. The current evaluation study of the activities and progress of projects to help States develop and implement curriculum frameworks in mathematics and science and of the Eisenhower Regional Consortia would continue. An evaluation of the Eisenhower Professional Development State Grants program would begin to provide baseline data and assess the program's contribution to education reform.

In addition, funds would be used to support ongoing activities of the National Board for Professional Teaching Standards (NBPTS). The Board is developing a system of voluntary professional certification of teachers, an activity that helps raise standards for teaching. Funds are used to develop the criteria for certifying teachers in each of 30 specialty areas and to develop the assessments to be used in making certification decisions.

IMPACT DATA (\$ in 000s)

	1994	1995	1996
Eisenhower professional development Federal activities:			
Reform of teacher preparation			
New awards	0	\$2,959	\$4,000
Continuation awards	0	0	2,959
Teacher networks	0	0	7,919
NBPTS	\$4,792	5,000	5,000

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Eisenhower professional development national activities

IMPACT DATA (\$ in 000s) -- Continued

	1994	1995	1996
Continuation of national programs awards	\$10,148 ¹	\$6,800	\$3,800
Evaluation	375	375	950
Clearinghouse	5,472	5,472	5,472
Technical assistance, conferences	0	0	500
Interagency activities	0	650	1,250
Peer review of applications for new awards	<u>77</u>	<u>100</u>	<u>150</u>
Subtotal, Eisenhower Federal	20,864	21,356	32,000
Professional development demonstration project:			
New awards	0	0	2,950
Peer review of applications for new awards	<u>0</u>	<u>0</u>	<u>50</u>
Subtotal, Demonstration project	<u>0</u>	<u>0</u>	<u>3,000</u>
Total, National programs	20,864	21,356	35,000

¹ Includes some new awards.

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Technology for education

(Elementary and Secondary Education Act of 1965, title III, part A, sections 3122, 3136, and subpart 3)

1996 Authorization (\$ in 000s): Indefinite ¹

Budget Authority (\$ in 000s):

	<u>1995</u>	<u>1996</u>	<u>Change</u>
K-12 Technology Learning Challenge	\$27,000	\$50,000 ²	+\$23,000
Adult Technology Learning Challenge	0	20,000 ²	+20,000
National activities	<u>13,000</u>	<u>13,000</u> ²	<u>0</u>
Total	40,000	83,000	+43,000

¹ When the appropriation for title III, part A, subparts 1, 2, and 3 is less than \$75 million, \$3 million is set aside for subpart 1 and \$10 million for subpart 3 and the remainder is made available for section 3136. When the appropriation for title III, part A, subparts 1, 2, and 3 is \$75 million or greater, \$5 million is set aside for subpart 1, \$10 million for subpart 3, and the remainder for subpart 2.

² Proposed appropriations language would override the set-asides for subparts 1, 2, and 3 and specify amounts for sections 3122, 3136, and subpart 3.

PURPOSE AND METHOD OF OPERATION

These activities support the use of technology and technology-enhanced curricula and instruction to improve educational services. The *National Challenge Grants for Technology in Education* program (which consists of the *K-12 Technology Learning Challenge* and the *Adult Technology Learning Challenge*) provides competitive awards to consortia that include at least one local educational agency with a high percentage or number of children living in poverty. Other consortium members may include other local educational agencies, State educational agencies, institutions of higher education, businesses, museums, libraries, academic content experts, software designers, and others. Awards are made for five years.

The purpose of the Challenge Grants program is to develop first-class learner-based content that improves learner productivity through the use of quality courseware. The strategy is to facilitate the rapid development and broad use of high-quality educational technology applications by stimulating collaborative efforts by the public and private sectors. The program would support a small number of significant public-private partnerships to develop and deploy uses of technology such that direct benefits to students are demonstrated and marketable products are developed and tested.

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Priority is given in the award of grants to consortia that propose to serve areas with many disadvantaged students (or with the greatest need for educational technology), that will provide direct benefits to students, that will ensure sustained professional development for teachers, administrators, and school library media personnel, that will ensure successful, effective, and sustainable use of the technology acquired, and that can show that substantial financial or other resources will be devoted to the goals of the project by consortia members.

National Activities are conducted under two authorities. The *Federal Leadership* program provides authority for the Department, in consultation with other Federal agencies, to promote the educational use of technology through activities carried out directly or by awarding grants or contracts. Funds are used: to assist States to plan effectively for the use of educational technology in all schools; improve technical assistance to schools and communities; train and support teachers in the use of technology; carry out research and evaluation to identify what uses of technology are productive; disseminate information about educational technology; and develop new software and technology applications in partnership with technology providers and others.

A long-range plan for educational technology that lays out how the Federal government will promote the use of technology in education, training, and lifelong learning is required. In putting together the plan, the Department must consult with other Federal agencies involved in the development of technology, educators and leaders at the State and local levels, and developers in the computer and telecommunications industry. An Office of Educational Technology is also required, which is to coordinate funding, technical assistance, and research and development efforts on educational technology both within the Department and across Federal agencies.

The *Regional Technical Support and Professional Development* program makes awards to regional consortia such that all regions of the country are served. Consortia must include State educational agencies, institutions of higher education, and nonprofit organizations, and develop a regional program of professional development, technical assistance, and information and resource dissemination. Information and resource dissemination includes assisting States and local educational agencies in the identification and procurement of resources necessary to implement educational technology plans.

The professional development provided is to be technology-specific and ongoing. Consortia may also develop training resources for both elementary and secondary and adult education, provide referrals to sources of technical assistance and professional development, and assist institutions of higher education to establish preservice training programs in the appropriate use of educational technology.

In providing technical assistance, consortia are to collaborate with State and local educational agencies to assist schools with many disadvantaged students and little access to technology. Consortia must also provide information on the types and features of equipment and software, assist with tailoring software to the needs of State and local educational agencies to help

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students meet challenging State content and performance standards, and provide technical assistance in the use of electronic networks by States and schools.

Funding levels for the past 5 fiscal years were as follows:

	(\$ in 000s)		
	<u>Challenge Grants</u>	<u>Federal Activities</u>	<u>Regional Consortia</u>
1991	0 ¹	0 ¹	0 ¹
1992	0 ¹	0 ¹	0 ¹
1993	0 ¹	0 ¹	0 ¹
1994	0 ¹	0 ¹	0 ¹
1995	\$27,000	\$3,000	\$10,000

¹These programs were first authorized in 1995.

1996 BUDGET REQUEST

The Department requests a significant increase for technology activities in 1996. All of the increase would be used to support additional learning challenge grants to create technology-rich, high-performance learning environments for the 21st century. Federal involvement of this nature is necessary to stimulate the market for educational technology and to ensure that the Nation realizes the full educational benefits of the revolution in technology.

The National Challenge Grants for Technology in Education program derives from prior studies that have demonstrated that individualized, learner-centered instruction has the potential to enhance learning productivity dramatically. Recent advances in information technology hold out the promise that innovative applications of technology could make broadly accessible, affordable lifelong learning a reality for all Americans. The *K-12 Technology Learning Challenge* would target funds on two key objectives in the development of educational technology that market forces alone, even given the level of State and district investment, are unlikely to achieve in the near future, if at all.

The first objective is to stimulate the development of high-quality educational technology applications through collaborative efforts by the public and private sectors. The K-12 Technology Learning Challenge would support a small number of significant public-private partnerships to develop and demonstrate uses of technology in classrooms such that direct benefits to students are realized and marketable products are developed and tested.

The second objective is to focus these efforts in classrooms where students have the greatest needs, to ensure that disadvantaged students—whose parents are least likely to have computers at home—are not excluded as new technologies designed for school use spread. This is especially important because the educational benefits of technology, particularly telecommunications links to educational resources, are relatively inexpensive and inherently equitable—equally available to all—once the technology is in place and sustainable.

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The *Adult Technology Learning Challenge* has a similar rationale and purpose. It is generally recognized that adults now need to learn new skills continuously to be prepared for a job market that expects workers at all levels to both learn on the job and be prepared to change jobs. Yet many adults lack the most basic literacy skills, and many more lack the ability to learn new skills quickly. Although the military has successfully pioneered the use of technology in training, and many large businesses support employee training programs with technology, outside of these examples, technology has not been widely applied in the education and training of adults. Like the companion K-12 Technology Learning Challenge program, the Adult Technology Learning Challenge program has two purposes: to encourage the private sector to develop educational products for families and adults, and in doing so, to make sure that families and individuals who could benefit significantly are included.

Both Technology Learning Challenge programs would be carried out through consortia that would provide substantial investments of their own resources, human, financial, and otherwise. The consortia would include school districts with many disadvantaged students and other purchasers of educational technology (State educational agencies, institutions of higher education, museums, libraries, and others) and providers of educational technology (such as telecommunications companies, publishers, computer firms, and software designers).

The two Technology Learning Challenge programs, because of their importance and because of the interagency effort involved are administered by the Interagency Technology Office in the Department of Education.

The Department of Labor will collaborate closely with the Department and will make available \$15 million of Job Training Partnership Act (JTPA) funds to the Interagency Technology Office to provide additional support for the Adult Learning Challenge. These JTPA funds and the Learning Challenge funds requested for 1996 would provide continued support for partnership awards made in 1995 and for a new competition for additional partnerships in 1996.

National Activities assists these programs and the significant investments being made by States and local districts. By 1996, the National Long-Range Plan will be available. Federal Leadership funds would be used to support activities called for in the plan, and to support forums where State and local personnel implementing educational technology plans can share information about what works. Funds would also be used for evaluation so that information about best practices is available to States and school districts. The Department would also continue support for regional entities established under the Regional Technical Support and Professional Development authority to provide technical advice to States and local educational agencies that request it and to assist them by providing technology-specific training for educators.

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Technology for education

IMPACT DATA (\$ in 000s)

	1994	1995	1996
Challenge Grants:			
Number of awards:			
Large (\$2-3 million):			
New awards	0	5	9 ¹
Continuation awards	0	0	5
Small (\$1 million):			
New awards	0	14	20 ¹
Continuation awards	0	0	14
Peer review of applications for new awards	0	\$250	\$290
National Activities:			
Number of awards:			
New awards	0	15	5
Continuation awards	0	0	15
Peer review of applications for new awards	0	\$70	\$40

¹ Estimates do not include awards to be supported with funds transferred from the Department of Labor. These funds would support an additional two large and nine small Adult Technology Learning Challenge grants.

EDUCATION RESEARCH, STATISTICS, AND IMPROVEMENT

Educational technology: Star schools

(Elementary and Secondary Education Act of 1965, title III, part B)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$30,000	\$30,000	0

PURPOSE AND METHOD OF OPERATION

Star Schools is a distance education program that provides support for statewide or multistate telecommunications entities that are either public agencies (or corporations) established to develop and operate telecommunications networks to enhance educational opportunities, or partnerships that are comprised of at least three partners, one of which must be a State or local educational agency. The purpose of the program is to improve instruction in mathematics, science, foreign languages, and other subjects such as literacy skills and vocational education, and to serve underserved populations. Funds may be used to obtain telecommunications facilities and equipment, develop and acquire educational and instructional programming, and obtain technical assistance in the use of facilities and programming. Among other requirements, applicants must describe how their projects will help to achieve the National Education Goals, provide students with opportunities to learn to challenging State standards, assist with State and local school reform, and help build a high quality system of lifelong learning.

At least 50 percent of Star Schools funds must be used to serve local educational agencies eligible to receive Title I funds, and 25 percent of the funds must be used for instructional programming. Awards may be made for up to five years. Grantees must provide a 25 percent match for the first two years of an award, 40 percent for the second two years, and 50 percent in the final year.

In addition to awards under the general program, three other types of awards are authorized. An award may be made to support a special Statewide network that provides full motion two-way video and audio communications and links public colleges and universities and secondary schools. An award may also be made to support a special local network to demonstrate a high technology program that includes two-way full motion audio, video, and text communications and links elementary and secondary schools and colleges and universities. For these two types of awards, the non-Federal contribution must be not less than 50 percent. Awards may also be made for telecommunications programs for continuing education services that provide on-line access to educational services leading to a secondary school diploma.

Up to 5 percent of Star Schools funds may be used for leadership and evaluation activities, including dissemination activities, evaluation of distance learning activities and programs,

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Educational technology: Star schools

comparisons of the effects of different technologies used in distance learning, and peer review of both applications and projects.

Funding levels for the past 5 fiscal years were as follows:

	(\$ in 000s)
1991	\$14,416
1992	18,412
1993	22,777
1994	25,944
1995	30,000

1996 BUDGET REQUEST

The Department requests level funding for Star Schools so that it can continue to help demonstrate the potential of technology to create powerful new learning opportunities and improve teaching and learning. Star Schools provides high-quality instruction to students in schools that could not otherwise provide it to them. To do so, Star Schools supports multistate providers of telecommunications services that have both the technical and educational expertise to provide high-quality interactive instruction in academic subjects and various types of supplemental programming. As content standards for academic subjects continue to emerge and States expand their efforts to define what students should learn and be able to do, distance learning can be expected to play an important role in providing students with the opportunity to learn to challenging standards.

Star Schools projects have been successful in reaching students in need of services. An evaluation of projects funded between 1990 and 1994 shows that many students (140,000) in both urban and rural settings benefit from Star Schools programming, and that substantial numbers of minority and low-income students participate. Other findings are that local support is very important to successful implementation, that there is great variation in circumstances and students among participating schools, and that the instruction offered, even if not specifically designed for the purpose, generally supports State and local reform efforts.

In 1996, all applicants would be encouraged to focus their activities more closely on direct collaboration in State and local school reform. In addition to competitions for multistate projects, competitions would be held for Statewide and local awards. Statewide awards would focus on linking colleges and universities and secondary schools to develop effective models of preservice programs for beginning teachers. Local awards would be used to link local schools and postsecondary institutions in a community or school district through a telecommunications network and significantly increase the number of classrooms with network access. This activity would include significant involvement of business and industry, and provide for parent participation, family education programs, and staff development in addition to services for students. For all of the 1996 activities, the use of new technologies for instruction would be encouraged. A follow-up evaluation study that would examine the effects of different technologies on student outcomes is planned. Dissemination grants are no longer specifically

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Educational technology: Star schools

authorized, but leadership activities would focus on dissemination of information about how telecommunications and Star Schools courses may be used by schools and communities.

IMPACT DATA (\$ in 000s)

	1994	1995	1996
Partnership Grants			
New awards	7	0	6-9
Continuation awards	0	7	0
Dissemination Grants			
New awards	3	0	0
Continuation awards	0	3	0
Statewide Demonstration			
New awards	1	0	1-2
Continuation awards	0	1	0
Local Network Demonstration			
New awards	0	0	1-2
Continuation awards	0	0	0
Continuing Education			
New awards	0	1	0
Continuation awards	0	0	1
Leadership and Evaluation			
New awards	0	2	2-4
Continuation awards	1	0	2
Peer review of applications for new awards	\$50	\$45	\$50

EDUCATION RESEARCH, STATISTICS, AND IMPROVEMENT

Educational technology: Ready to learn television

(Elementary and Secondary Education Act of 1965, title III, part C)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$7,000	\$7,000	0

PURPOSE AND METHOD OF OPERATION

The major purpose of the Ready to Learn Television program is to develop and distribute educational and instructional video programming for preschool and elementary school children and their parents. Not less than 60 percent of the funds appropriated must be awarded for this purpose. Eligible entities are specified as nonprofit, nongovernmental entities with a demonstrated capacity to develop and distribute high-quality educational television programming for children, and with a demonstrated capacity to contract with producers of children's television programming.

A Special Projects of National Significance program may also be established by the Secretary. Eligible award recipients for this program include public and nonprofit entities, local public television stations, and public television stations in consortium with one or more State or local educational agencies, institutions of higher education, or community organizations. Projects may address the needs of children in limited English proficient households, focus on increasing family literacy skills, or (with at least 10 percent of the funds appropriated) enhance and extend innovative programs that promote school readiness. Other authorized activities include establishment of a clearinghouse to increase access to Ready to Learn programs and projects, and development and dissemination of training materials for parents and adults who work with young children. Coordination with the Department of Health and Human Services is also authorized in order to maximize the use of high quality educational television programming for children and associated materials for adults in Federal programs such as Head Start.

Funding levels for the past five fiscal years were as follows:

	(\$ in 000s)
1991	0 ¹
1992	0 ¹
1993	0 ²
1994	0 ²
1995	\$7,000

¹ This program was not authorized prior to 1993.² The program was authorized but not funded.

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Educational technology: Ready to learn television

1996 BUDGET PROPOSAL

The Department requests level funding to continue the development of educational television programming begun in 1995. Past experience with the development of children's television programming tells us that several years of funding from this and other sources will be required to complete that development. The programming, if it is to be attractive and efficacious, must be carefully developed and tested, as must accompanying materials for parents and caregivers. The Carnegie Foundation, in its report *Ready to Learn: A Mandate for the Nation*, found that, by the time an average American child enters kindergarten, he or she will have watched more than 4,000 hours of television. The report called television, after parents, children's "most persistent and most influential teacher." Much of what children see has little educational value, but nearly every child, from infancy on (the Carnegie study found six-month-old children watched an average of an hour and a half a day), is accustomed and attracted to television programming. Because of the potential of television to reach so many children, Federal support is warranted to stimulate the development of high quality programming that can help prepare children for school.

IMPACT DATA (\$ in 000s)

	1994	1995	1996
Educational programming	0	\$6,000	\$6,000
Ancillary materials ¹	<u>0</u>	<u>1,000</u>	<u>1,000</u>
Total	0	7,000	7,000

¹ At least 10 percent of funds requested for the Ready-to Learn program would be used to identify, support, and enhance the use of innovative programs to promote school readiness.

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Educational technology: Telecommunications demonstration project for mathematics
 (Elementary and Secondary Education Act of 1965, title III, part D)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$2,250	\$2,250	0

PURPOSE AND METHOD OF OPERATION

Funds are used to carry out a national telecommunications-based demonstration project designed to train elementary and secondary school teachers in preparing all students for achieving State content standards in mathematics. Nonprofit telecommunications entities (and partnerships of such entities) are eligible. A grantee must use the existing publicly funded telecommunications infrastructure; conduct the project in cooperation with appropriate State agencies, local educational agencies, other nonprofit telecommunications entities, and a national mathematics education professional organization that developed content standards; and provide a significant part of the benefits to school systems with high percentages of Title I children. The project must conduct demonstrations at school sites in at least 15 States.

Funding levels for the past five fiscal years were as follows:

	(\$ in 000s)
1991	0 ¹
1992	0 ¹
1993	0 ¹
1994	0 ¹
1995	\$2,250

¹ This program was not authorized prior to 1995.

1996 BUDGET REQUEST

Mathematics is the first subject in which standards for what school students should know and be able to do, and for what teachers must be able to teach, were developed. These standards, developed by the National Council of Teachers of Mathematics, have been used by many States in developing their own standards, and local school districts have also begun to implement the standards, either on their own, or as a response to State-developed curriculum frameworks. One result is great demand for the efficient delivery of practical assistance for teachers attempting to reform their approach to teaching mathematics. This project is one

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Educational technology: Telecommunications demonstration project for mathematics

means of providing that assistance to teachers in their schools, on the job, using an existing infrastructure to provide content-centered distance learning. It will initially provide services in at least 15 States, but over time is likely to reach many more, if not all. In addition, it can serve as a model for use in designing assistance for teachers of other subjects. In 1995, about \$20,000 is to be used for the costs of peer review of new applications. Funds in 1996 would continue the demonstration to begin in 1995.

EDUCATION RESEARCH, STATISTICS, AND IMPROVEMENT

Fund for the Improvement of Education (FIE)

(Elementary and Secondary Education Act, title X, part A)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$36,750	\$36,750	0

PURPOSE AND METHOD OF OPERATION

The Fund for the Improvement of Education (FIE) provides authority for the Secretary to support nationally significant programs and projects to improve the quality of education, assist all students to meet challenging standards, and contribute to achievement of the National Education Goals. Activities may be carried out directly or through grants or contracts to State and local educational agencies, institutions of higher education, and other public and private agencies, organizations, and institutions. Several specific programs are also authorized under FIE: Elementary School Counseling Demonstrations, Partnerships in Character Education Pilot Projects, Promoting Scholar-Athlete Competitions (for 1995 only), Smaller Learning Communities, National Student and Parent Mock Elections, and Model Projects.

Funding levels for the past 5 fiscal years were as follows :

	(\$ in 000s)
1991	\$28,622 ¹
1992	24,885 ¹
1993	24,541 ^{1,2}
1994	33,379 ^{1,2}
1995	36,750

¹ For comparability, includes funds appropriated for Blue Ribbon Schools (\$885,000 in each of 1991 and 1992; \$879,000 in each of 1993 and 1994).

² For comparability, amounts exclude \$4.346 million in 1993 and \$4.463 million in 1994 appropriated for Civic Education.

1996 BUDGET REQUEST

The Department requests level funding for the Fund for the Improvement of Education. Given the new requirement that funded projects be designed in a way to ensure that the results of the strategies employed can be readily discovered through examination and experimentation, this program promises to become an important component of the OERI effort to identify what works in education. Providing information about what works, and what doesn't work, is an important aspect of what the Federal Government should be doing in education. The funds requested for

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Fund for the Improvement of Education (FIE)

1996 would allow OERI to carry out three new projects designed to provide such information. They are described below.

- o The concept of systemic reform to improve American education has gained widespread acceptance, but very little is known about the tools and strategies to spread systemic reform at the State or local levels or how to assess its effectiveness in helping disadvantaged students. In particular, we do not know how quickly systemic reform will affect the activities of schools and the day-to-day activities of classrooms and how it may be brought to scale.

To examine this question, we would undertake a three-year project that would (1) analyze systemic reform in four States through aggregate school-level data; (2) perform an individual-level longitudinal analysis of at-risk students in grades 1-4 in public schools that historically have been slow to engage in local education reforms (drawn from the schools in the four States already being analyzed); and (3) conduct in-depth case studies of selected elementary schools and classroom in these same States.

This project would provide much needed information about practices and policies that facilitate or impede the implementation of systemic reform at the State, local, and classroom levels. The design of the project would take into consideration the work of the National Science Foundation and complement the proposed work on the evaluation of system reform to be undertaken by the Department's Planning and Evaluation Service.

- o A great deal of attention has been directed to the various levels (State, district, classroom) at which systemic reform through GOALS 2000 and other means is implemented. One implementation issue needs special attention—emerging curriculum standards and frameworks, plus new programmatic directions, pose significant and unprecedented challenges to teachers. But it is not clear, for example, how well teachers will understand and be able to deliver a new program in science or history that calls for a thorough understanding of the relevant disciplinary methods, as well as the facts and figures.

This two-year project would examine teacher learning and performance in schools participating in ambitious systemic reform initiatives. Eight sites would be examined to determine what teachers and principals need to implement the reforms in their classrooms and schools for their students and what teacher and principal activities produce the greatest improvements in student learning.

- o Recognizing the critical importance of reading to all educational success, the Department will launch a reading initiative that spans many Department activities and programs. This FIE project would contribute by helping to reveal successful strategies for involving families in supporting their children's reading; strategies to help all students read to higher levels, including intensive school programs designed to ensure that children learn to read in the early grades and strategies to improve reading comprehension skills among older students; strategies for professional development that will better prepare teachers for teaching students to read; and strategies for improving reading skills among adults.

EDUCATION RESEARCH, STATISTICS, AND IMPROVEMENT

Fund for the Improvement of Education (FIE)

Funds would also be used in 1996 to continue multi-year projects begun in prior years, including projects initiated under the Fund for the Improvement and Reform of Schools and Teaching, which is no longer authorized, and to continue school recognition activities. No competitions are planned for the separate specific authorities provided under FIE.

IMPACT DATA (\$ in 000s)

	1994	1995	1996
New awards	\$17,265	\$6,053	---
Systemic reform in the classroom	0	0	\$3,265
Teacher learning and performance	0	0	2,000
Improving reading achievement	0	0	2,000
Continuation awards	14,993	29,622	28,040
School recognition activities	879 ¹	925	1,145
Peer review of applications for new awards	<u>242</u>	<u>150</u>	<u>300</u>
Total	33,379	36,750	36,750

¹ Included for comparability. Funds were appropriated under Blue Ribbon Schools, which is no longer separately authorized.

EDUCATION RESEARCH, STATISTICS, AND IMPROVEMENT

Javits gifted and talented education

(Elementary and Secondary Education Act, title X, part B)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$9,521	\$9,521	0

PURPOSE AND METHOD OF OPERATION

The purpose of this program is threefold:

- o to provide financial assistance to State and local educational agencies, institutions of higher education, and other public and private agencies and organizations to initiate a coordinated program of research, demonstration projects, personnel training, and similar activities designed to build a nationwide capability in elementary and secondary schools to meet the special educational needs of gifted and talented students;
- o to encourage the development of rich and challenging curricula for all students through the appropriate adaptation of materials and instructional methods developed for gifted and talented students; and
- o to supplement and make more effective the expenditure of State and local funds for the education of gifted and talented students.

A portion of the funds (not more than 30 percent) is available for research, evaluations, surveys, and the collection, analysis, and development of information related to accomplishing the program's purposes. Research may include research on methods and techniques for identifying and teaching gifted and talented students, and for using gifted and talented programs and methods to serve all students. All program-supported research must be coordinated with other OERI-supported research and development activities. While the Secretary is required to establish and fund a National Center for Research and Development in the Education of Gifted and Talented Children and Youth, not all program-funded research must be conducted through this Center.

Priority must be given to the identification of, and provision of services to, gifted and talented students who may not be identified and served through traditional assessment methods, and to programs and projects designed to develop or improve the capability of schools in an entire State or region of the Nation. At least half of the applications approved for grant funds each year must address the priority of serving students not identified and served through traditional means.

EDUCATION RESEARCH, STATISTICS, AND IMPROVEMENT

Javits gifted and talented education

Funding levels for the past 5 fiscal years were as follows:

(\$ in 000s)

1991	\$9,732
1992	9,732
1993	9,607
1994	9,607
1995	9,521

1996 BUDGET REQUEST

For 1996 the Department proposes level funding of \$9.521 million for this program. Too often schools fail to challenge gifted and talented students, as well as other students, to do their best work. Continued investment in the program, although limited, will help demonstrate the importance of including gifted and talented children in State and local efforts to raise standards for all children, and to demonstrate effective strategies for doing so. The Federal government can best carry out the limited but essential role of funding model projects, stimulating research and development and personnel training, and providing a focal point of information and technical assistance that is necessary to ensure that the Nation's schools are able to meet the special education needs of gifted and talented students. Further, the experience and knowledge the Nation gains in developing and implementing programs for gifted and talented students can and should be used as a basis for rich and challenging curricula for all students.

In 1996, the Department would direct grants to two types of projects: model projects that serve gifted and talented students and projects that provide technical assistance and disseminate information throughout a State or region to improve the capability of schools to plan, conduct, and improve programs for serving gifted and talented students. The priority for model projects would support projects serving gifted and talented students in schools with high concentrations of children from low income families, and would require that these projects incorporate challenging content and performance standards in core subject areas, use innovative teaching strategies, and provide ongoing professional development opportunities for staff. Technical assistance and information dissemination projects would be required to include assistance on adapting gifted and talented programs, where appropriate, to improve instruction for all students and to incorporate challenging content and performance standards and innovative teaching strategies.

In 1996, funds would also be used to continue to provide a national focal point of information through dissemination and outreach activities and to continue the National Center. Along with research and development work, the center would regularly evaluate the program grants supported by the Department.

EDUCATION RESEARCH, STATISTICS, AND IMPROVEMENT

Javits gifted and talented education

IMPACT DATA (\$ in 000s)

	1994	1995	1996
Program grants			
New awards			
Funds	0	\$5,043	\$2,299
Numbers	0	22	10
Continuation awards			
Funds	\$7,238	\$2,433	\$5,177
Numbers	32	11	23
Research and development center	\$1,825	\$1,750	\$1,750
Evaluation	\$226	0	0
Dissemination and outreach activities	\$318	\$200	\$200
Peer review of applications for new awards	0	\$95	\$95

EDUCATION RESEARCH, STATISTICS, AND IMPROVEMENT

National Diffusion Network

(Elementary and Secondary Education Act, title XIII, part B)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$14,480	\$14,480	0

PURPOSE AND METHOD OF OPERATION

The National Diffusion Network (NDN) is part of the national technical assistance and dissemination system the Department will make available to States, local education agencies, tribes, schools, and others interested in implementing school reform programs and improving teaching and learning for all students. NDN validates effective and promising programs and practices for distribution to schools. It gives priority to identifying, validating, and disseminating effective schoolwide projects, programs addressing the needs of high poverty schools, and programs with the capacity to offer high-quality, sustained technical assistance. NDN also carries out State-based outreach, consultation, training, and dissemination. It helps schools identify and secure appropriate, high-quality technical assistance, and identify and implement exemplary or promising educational programs and practices.

State facilitators provide professional development and technical assistance services to assist State and local educational agencies, tribal divisions of education, and others. In addition, State facilitators disseminate information about reform and effective and promising practices, identify educational programs and practices for possible dissemination, promote and facilitate teacher networks, and develop and implement outreach activities for reaching local educational agencies and schools. State facilitators must give priority in services to schoolwide programs and to local educational agencies and Bureau of Indian Affairs-funded schools with the highest percentages or numbers of children in poverty.

State facilitator grants are awarded to State educational agencies and other public and private nonprofit organizations. Each State receives a facilitator grant; grants are also made for a facilitator to work nationwide with private schools and for a facilitator to work nationwide with Bureau of Indian Affairs-funded schools to ensure that these schools receive equitable services through the NDN program.

Funding levels for the past 5 fiscal years were as follows:

(\$ in 000s)

1991	\$14,151
1992	14,700
1993	14,582
1994	14,582
1995	14,480

EDUCATION RESEARCH, STATISTICS, AND IMPROVEMENT

National Diffusion Network

1996 BUDGET REQUEST

For 1996 the Department proposes level funding of \$14.48 million for NDN. Sharing information about effective practices is an important aspect of the Federal role in education, and this program not only identifies and provides information about effective and promising practices, but it also provides technical assistance to help districts and schools implement those practices.

In 1996, program priorities would direct grants to three types of projects: State facilitators, exemplary programs, and promising practices.

State facilitators: In addition to grants for each of the States and outlying areas, the State facilitator competition would provide grants for a facilitator to serve the Nation's private schools, and Bureau of Indian Affairs Schools. The new State facilitators would focus their efforts on local educational needs. NDN State facilitators would work in conjunction with the comprehensive regional assistance centers and regional educational laboratories to help provide schools a wide array of technical assistance in addition to assistance in implementing NDN-validated exemplary and promising practices.

Exemplary programs: A competition for exemplary programs would focus on disseminating effective schoolwide projects and programs designed to bring students in high poverty schools to higher standards of achievement. Funded programs would be marked by ongoing strategies for providing high quality professional development for teachers implementing exemplary programs.

Promising practices: A competition for promising practices would focus on identifying and disseminating information about strategies for which only preliminary evidence of effectiveness is yet available, but which are research-based and responsive to needs of schools with high concentrations of low-income students. Grant funds would provide these programs with assistance in evaluation and in preparing to conduct nationwide dissemination activities.

IMPACT DATA (\$ in 000s)

	1994	1995	1996
State facilitators			
New awards	\$61	\$186	\$7,381
Continuation awards	6,986	6,799	0
Exemplary programs/promising practices			
New awards	1,954	2,222	1,311
Continuation awards	4,904	4,557	5,053
Technical assistance contracts	470	490	500
Program Effectiveness Panel	189	196	202
Peer review of new award applications	18	30	33

EDUCATION RESEARCH, STATISTICS, AND IMPROVEMENT

Eisenhower regional mathematics and science education consortia

(Elementary and Secondary Education Act of 1965, title XIII, part C)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$15,000	\$15,000	0

PURPOSE AND METHOD OF OPERATION

This program supports grants to establish and operate Regional Mathematics and Science Education Consortia. The regional consortia are to disseminate exemplary mathematics and science instructional materials and provide technical assistance in the use of improved teaching methods and assessment tools to benefit elementary and secondary school students, teachers, and administrators. At least one award is to be made in each of the ten regions served by the regional educational laboratories. Awards may be made for a period of up to five years. Matching is required, with the Federal share set at 80 percent and at least 10 percent of the non-Federal share required to come from other than State or local government sources.

The regional consortia must work cooperatively with each other, the Eisenhower National Clearinghouse for Science and Mathematics Education established under the Eisenhower Professional Development Federal Activities program, and other federally funded technical assistance providers.

Eligible recipients, who must demonstrate their expertise in mathematics and science education, are State and local educational agencies, elementary or secondary schools, institutions of higher education, nonprofit organizations, regional educational laboratories, or combinations of these entities. Each recipient must establish a regional board that is broadly representative of the agencies and organizations participating in the regional consortium to oversee administration of the project and establishment of program priorities.

Funding levels for the past 5 fiscal years were as follows :

	(\$ in 000s)
1991	0 ¹
1992	\$12,000
1993	13,590
1994	13,871
1995	15,000

¹ Funds were authorized but not appropriated.

EDUCATION RESEARCH, STATISTICS, AND IMPROVEMENT

Eisenhower regional mathematics and science education consortia

1996 BUDGET REQUEST

The Department requests level funding to continue support for the 10 regional consortia awards made in 1995. Providing technical assistance is an important aspect of Federal support for education, and major improvements in mathematics and science education will be necessary for the United States to achieve the National Education Goal of pre-eminence in mathematics and science. The consortia focus on providing training and other assistance to classroom teachers, administrators, and other educators that lead to the use of high-level instructional materials, teaching methods, and assessments in classrooms. This includes helping teachers explore the uses of new forms of technology, including telecommunications networks, in the classroom. The consortia coordinate their services with other activities in the region aimed at the reform of mathematics and science education, including the National Science Foundation's State Systemic Initiative and Urban Systemic Initiative projects, Project 2061 of the American Association for the Advancement of Science, the Scope and Sequence project of the National Science Teachers Association, and others. They maintain online access to the National Clearinghouse for Mathematics and Science Education Materials, provide teachers with access to its materials, and contribute to its collections. They also coordinate their activities with those of other technical assistance providers supported by the Department of Education.

IMPACT DATA (\$ in 000s)

	1994	1995	1996
Amount for new awards	0	\$14,950	0
Amount for continuation awards	\$13,871	0	\$15,000
Peer review of new award applications	0	50	0

EDUCATION RESEARCH, STATISTICS, AND IMPROVEMENT

21st century community learning centers

(Elementary and Secondary Education Act, title X, part I)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1995 Revised</u>	<u>1996</u>	<u>Change from 1995 Revised</u>
\$750	0	0	0

PURPOSE AND METHOD OF OPERATION

The program supports grants to rural and inner-city public elementary or secondary schools, or consortia of such schools, to enable them to plan, implement, or expand projects that benefit the educational, health, social service, cultural, and recreational needs of a rural or inner-city community.

Assistance must be equitably distributed among the States, among urban and rural areas of the United States, and among urban and rural areas of a State. Grants must be made for at least \$35,000, and priority must be given to applications that offer a broad selection of services that address the needs of the community.

Funding levels for the past 5 fiscal years were as follows:

(\$ in 000s)

1991	0 ¹
1992	0 ¹
1993	0 ¹
1994	0 ¹
1995	\$750

¹ This program was not authorized prior to 1995.**1995 REVISED REQUEST**

A rescission of \$750, 000, the entire amount appropriated for fiscal year 1995, is proposed because separate funding for this activity is not needed. The Elementary and Secondary Education Act, as amended, authorizes local education agencies, individual schools, or consortia of schools to use up to 5 percent of the funds they receive under ESEA to establish and implement coordinated services projects that provide elementary and secondary school students and their families better access to social, health, and education services.

1996 BUDGET REQUEST

The Department proposes to eliminate this program because separate funding for this activity is not needed. No funds are requested for 1996.

EDUCATION RESEARCH, STATISTICS, AND IMPROVEMENT

National writing project

(Elementary and Secondary Education Act of 1965, title X, part K)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$3,212	0	-\$3,212

PURPOSE AND METHOD OF OPERATION

All funds are awarded in a noncompetitive grant directly to the National Writing Project, a nonprofit educational organization. The purpose of the grant is to support teacher training programs that include the dissemination of effective practices and research findings regarding the teaching of writing, and to support classroom research on effective teaching practices that includes documentation of student performance. The recipient enters into contracts with institutions of higher education or nonprofit education providers who agree to establish and operate small (\$40,000 or less) teacher training programs and to provide the required 50 percent non-Federal share. A National Advisory Board provides advice and support, and reviews the activities and program of the project.

Funding levels for the past five fiscal years were as follows:

	(\$ in 000s)
1991	\$1,952
1992	2,500
1993	3,212
1994	3,212
1995	3,212

1996 BUDGET REQUEST

The Department proposes to eliminate this program. The National Writing Project has been supported for many years by Federal funds, beginning in 1976 with funds from the National Endowment for the Humanities. Other support has been provided from private foundations. The National Writing Project has been amply demonstrated as a strategy for improving the teaching of writing, and the services it provides are widely known and available. It should now be supported at the initiative of State and local educational agencies, which could use their own or funds available to them under the Eisenhower Professional Development Program for this purpose.

EDUCATION RESEARCH, STATISTICS, AND IMPROVEMENT

Civic education

(Elementary and Secondary Education Act of 1965, title X, part F, section 10601)

1996 Authorization (\$ in 000s): Indefinite ¹

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$4,463	\$4,463 ²	0

¹ Of the total appropriated for part F, 40 percent is reserved for section 10601 and 60 percent for section 10602, except that sections 10601 and 10602 must each receive not less than the amount appropriated for their predecessor programs in 1994.

² Proposed appropriations language would override the set-asides for sections 10601 and 10602 and specify this amount for section 10601.

PURPOSE AND METHOD OF OPERATION

The Civic Education program provides funds for the Center for Civic Education to assist in achieving the National Education Goals by educating students about the history and principles of the Constitution of the United States, and fostering civic competence and responsibility, through the program known as "We the people...The Citizen and the Constitution." In addition to a course of instruction, the program provides locally requested simulated congressional hearings and a national competition of such hearings for secondary school students. "We the People" is made available in all 435 Congressional districts. In addition, funds may be used for training teachers about the Constitution and the political system of the United States, and for a course of instruction for middle school students on the roles of State and local governments in the Federal system established by the Constitution.

Funding levels for the past 5 fiscal years were as follows:

(\$ in 000s)

1991	\$3,299 ¹
1992	3,800 ²
1993	4,346 ³
1994	4,463 ³
1995	4,463

¹ Funds were provided under the Commission on the Bicentennial of the U.S. Constitution.

² Funds were provided under the School Improvement account.

³ Funds were provided under the Fund for Innovation in Education.

1996 BUDGET REQUEST

For 1996, the Department requests level funding for the Civic Education program. Funding is requested because the program supports activities that further the National Education Goals

EDUCATION RESEARCH, STATISTICS, AND IMPROVEMENT

Civic education

and promote high standards for what students should know and be able to do in civics. Over the past seven years, it has helped over 24 million students develop an in-depth understanding of the Constitution and our system of government, thus contributing to civic responsibility and a vibrant democracy in the United States.

IMPACT DATA

	1994	1995	1996
Number of students served ¹	4,100,000	4,200,000	4,500,000
Number of teachers providing instruction ¹	56,500	60,000	62,500

¹ Numbers represent all those using the curriculum that year. Most teachers received their initial training in prior years.

EDUCATION RESEARCH, STATISTICS, AND IMPROVEMENT

International education exchange

(Goals 2000: Educate America Act, title VI)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$3,000	\$3,000	0

PURPOSE AND METHOD OF OPERATION

The International Education Exchange program supports awards to independent nonprofit educational organizations to make available to educators from eligible countries curricula and teacher training programs in civics and government education and economic education developed in the United States. Eligible countries include countries in Central and Eastern Europe, the Commonwealth of Independent States, and other countries that were formerly republics of the Soviet Union. Award recipients are to assist eligible countries in adapting such curricula and training programs for their use. They are also to create and implement programs for United States participants that draw upon the experiences of emerging democracies and provide for the exchange of ideas and experiences in civics and government education and economic education among leaders of participating countries. The program is to be designed and implemented in collaboration with the United States Information Agency. Half of the funds are to be reserved for civics and government education activities; half for economic education activities.

In order to receive an award, applicants must be experienced in the development and national implementation of curricular materials in civics and government education and economic education; the development and implementation of cooperative university and school-based inservice training programs for teachers; the development of model curriculum frameworks; the administration of international seminars on the goals and objectives of civics and government education and economic education in constitutional democracies; and the evaluation of such education programs.

Funding levels for the past 5 fiscal years were as follows:

(\$ in 000s)

1991	0 ¹
1992	0 ¹
1993	0 ¹
1994	0 ¹
1995	\$3,000

¹ This program was first authorized in 1995.

EDUCATION RESEARCH, STATISTICS, AND IMPROVEMENT**International education exchange**

1996 BUDGET REQUEST

The Department is requesting level funding to continue the exchange programs scheduled to begin in 1995 (peer review of new applications would cost about \$2,000 in 1995). This program represents an important opportunity for the United States to help support democracy and free market economies in Eastern Europe and the Newly Independent States—by providing educators and other leaders from those countries and the U.S. with the opportunity to discuss issues and share techniques in civics and government education and economic education. The 1996 funds would continue the two grants made in 1995 to two independent non-profit organizations with significant expertise in civics and government education and economic education, respectively. Exchange activities will focus on sharing U.S. curricula and teacher training programs, providing for on-site observation of those programs, helping foreign participants adapt the U.S. materials for their own use, and involving foreign participants in helping U.S. educators develop materials about the history, government, and economy of their countries for use in U.S. classrooms.

Department of Education

LIBRARIES

Fiscal Year 1996 Budget Request

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LIBRARIES

For carrying out, to the extent not otherwise provided, titles I, II, III,² and IV[, and VI]³ of the Library Services and Construction Act [(20 U.S.C. ch. 16), and title II of the Higher Education Act, \$144,161,000], \$106,927,000, of which \$17,792,000 shall be used to carry out the provisions of title II of the Library Services and Construction Act and shall remain available until expended⁵ [;and \$4,916,000 shall be for section 222 and \$6,500,000 shall be for section 223 of the Higher Education Act,⁶ of which \$5,000,000 shall be for additional awards for demonstration of on-line access to statewide, multitype library bibliographic data bases using fiber optic networks⁷ and \$1,500,000 shall be for a demonstration project making Federal information and other data bases available for public use by connecting a multistate consortium of public and private colleges and universities to a public library and an historic library⁸]. (*Department of Education Appropriations Act, 1995.*)

Note—Each language provision that is followed by a footnote reference is explained in the Analysis of Language Provisions and Changes document which follows the appropriation language.

(Rescission proposal)

LIBRARIES

Of the funds made available under this heading in Public Law 103-333, \$12,942,000 are rescinded, of which \$8,026,000 are rescinded from funds made available for title VI of the Library Services and Construction Act and \$4,916,000 are rescinded from funds made available for section 222 of the Higher Education Act.

LIBRARIES

Analysis of Language Provisions and Changes

Language Provision	Explanation
¹ ...II.]	Language is needed to include funds for the Public Library Construction program.
² [...III,]	Language is deleted because no funds are requested for the Interlibrary Cooperation program.
³ [..., and VI]	Language is deleted because no funds are requested for Library Literacy Programs.
⁴ [...(20 U.S.C. ch. 16), and title II of the Higher Education Act]	Language is deleted to remove a redundant citation and because no funds are requested for the Library Education and Training and Research and Demonstrations programs.
⁵ ...\$17,792,000 shall be used to carry out the provisions of title II of the Library Services and Construction Act and shall remain available until expended	This provision makes funds available until expended for the Public Library Construction program.
⁶ [...and \$4,916,000 shall be for section 222 and \$6,500,000 shall be for section 223 of the Higher Education Act]	This provision overrode the statutory allocation of funds between sections 222 and 223 under Title II, Part B of the Higher Education Act. No funds are requested for these programs.
⁷ [...of which \$5,000,000 shall be for additional awards for demonstration of on-line access to statewide, multitype library bibliographic data bases using fiber optic networks]	This provision set aside funds for additional awards pursuant to a specific competition under section 223 of the Higher Education Act held in a prior year. No funds are requested for section 223 activities in 1996.
⁸ [...and \$1,500,000 shall be for a demonstration project making Federal information and other data bases available for public use by connecting a multistate consortium of public and private colleges and universities to a public library and an historic library.]	This provision set aside funds for a specific competition under section 223 of the Higher Education Act. No funds are requested for section 223 in 1996.

LIBRARIES

Amounts Available for Obligation
(\$ in 000s)

	1994	1995	1996
<u>Current authority:</u>			
Annual appropriation	\$146,309	\$144,161	\$106,927
Proposed rescission	<u>0</u>	<u>-12,942</u>	<u>0</u>
Subtotal, current authority	146,309	131,219	106,927
Recovery of prior-year obligations	982	0	0
Unobligated balance, start of year	14,908	12,608	0
Unobligated balance, end of year	<u>-12,608</u>	<u>0</u>	<u>0</u>
Total obligations	149,591	143,827	106,927

LIBRARIESObligations by Object
(\$ in 000s)

	1994	1995	1995 Revised	1996
Other contractual services:				
Peer review	\$128	\$54	\$26	\$15
Advisory and assistance services	302	0	0	0
Grants, subsidies, and contributions	<u>149,161</u>	<u>156,715</u>	<u>143,801</u>	<u>106,912</u>
Total	149,591	156,769	143,827	106,927

LIBRARIES

Summary of Changes
(\$ in 000s)

1995	\$144,161
1995 Proposed rescission	<u>-12,942</u>
Total estimated budget authority	131,219
(Obligations)	(143,827)
1996	106,927
(Obligations)	<u>(106,927)</u>
Net change	-24,292
(Obligations)	<u>(-36,900)</u>

	<u>1995 base</u>	<u>Change from base</u>
<u>Increases:</u>		
<u>Program:</u>		
Additional funds are requested for the Public Library Services program to provide for additional networking and resource sharing among libraries.	\$83,227	+ \$5,908
<u>Decreases:</u>		
<u>Program:</u>		
No funds are requested for the Interlibrary Cooperation program because its activities, to the extent they continue to need Federal support, can be carried out under the Public Library Services program.	23,700	-23,700
No funds are requested for the Research and demonstrations program because research can be supported under other authorities or from non-Federal sources.	6,500	-6,500
Subtotal, decreases		-30,200
Net change		-24,292

LIBRARIES

Authorizing Legislation

Activity	1995 Authorized	1995 Estimate	1996 Authorized	1996 Request
Public library services (LSCA II)	Indefinite ¹	\$83,227,000	Indefinite ^{1,2}	\$89,135,000
Public library construction (LSCA II)	Indefinite ¹	17,792,000	Indefinite ^{1,2}	17,792,000
Interlibrary cooperation (LSCA III)	Indefinite ¹	23,700,000	Indefinite ^{1,2}	0
Library literacy programs (LSCA VII)	Indefinite	0 ³	Indefinite ²	0
Library education and training (HEA II-B sec. 222)	Indefinite ⁵	0 ⁴	Indefinite ⁵	0
Research and demonstrations (HEA II-B sec. 223)	Indefinite ⁵	6,500,000	Indefinite ⁵	0
<u>Unfunded authorizations:</u>				
Foreign language materials (LSCA V)	Indefinite	0	Indefinite ²	0
Library learning center programs (LSCA VIII)	Indefinite	0	Indefinite ²	0
College library technology (HEA II-A)	Indefinite	0	Indefinite	0
Research libraries (HEA II-C)	Indefinite	0	Indefinite	0
College library resources (HEA II-D)	Indefinite	0	Indefinite	0
Total definite authorization	0		0	
Total appropriation		131,219,000		106,927,000

¹LSCA Title IV mandates set-asides of 1.5 percent for Indian tribes and 0.5 percent for Hawaiian natives, to be taken from the total amount appropriated for each of LSCA Titles I, II, and III.

²The GEPA extension applies through September 30, 1996.

³Reflects a proposed rescission of \$8,026,000.

⁴Reflects a proposed rescission of \$4,916,000.

⁵Part B of Title II provides that two-thirds of the amount appropriated be used for the purpose of section 222 and one-third for section 223.

LIBRARIES

Table of Estimates and Appropriations
(\$ in 000s)

	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1987	0	\$130,000	\$132,500	\$132,500
1987 Rescission	-\$34,500	0	0	0
1988	0	144,500	136,600	135,089
1989	76,000	142,644	135,089	137,200
1990	137,200	114,876	143,612	136,646
1991	39,062	140,800	146,428	142,898
1991 Sequester				-2
1992	35,000	142,747	149,747	147,747
1993	35,000	145,774	147,247	146,069
1994	114,749	145,101	147,517	146,309
1995	102,976	115,996	147,558	144,161
1995 Rescission	-12,942			
1996	106,927			

LIBRARIES

Summary of Request
(\$ in 000s)

	1995	1995 Revised	1996	Change from 1995 Revised
Public library services:				
State grants	\$81,562	\$81,562	\$87,352	+\$5,790
Indian/Hawaiian set-aside	<u>1,665</u>	<u>1,665</u>	<u>1,783</u>	<u>+118</u>
Subtotal	83,227	83,227	89,135	+5,908
Public library construction:				
State grants	17,436	17,436	17,436	0
Indian/Hawaiian set-aside	<u>356</u>	<u>356</u>	<u>356</u>	<u>0</u>
Subtotal	17,792	17,792	17,792	0
Interlibrary cooperation:				
State grants	23,226	23,226	0	-23,226
Indian/Hawaiian set-aside	<u>474</u>	<u>474</u>	<u>0</u>	<u>-474</u>
Subtotal	23,700	23,700	0	-23,700
Library literacy programs	8,026	0	0	0
Library education and training	4,916	0	0	0
Research and demonstrations	<u>6,500</u>	<u>6,500</u>	<u>0</u>	<u>-6,500</u>
Total	144,161	131,219	106,927	-24,292

LIBRARIESSummary of Request

The 1996 request for Libraries is carefully targeted on two State grant programs. The Federal Government has provided support for public libraries for many years. During that time States have increased their support for libraries, access to library services has become nearly universal, and the Federal contribution has become only a small percentage of overall support. Now Federal investment should focus on the role of public libraries in the information revolution and support for lifelong learning. From preschool through elementary and secondary education, where libraries can help provide students access to the resources that support more challenging learning opportunities, to helping young people prepare for the transition from school to work and older persons prepare for second and third careers, libraries are an important partner in the Nation's effort to achieve the National Education Goals. In doing so, they can also become partners in building the national information infrastructure and, most importantly, in ensuring that more Americans have access to it.

Our request supports these objectives through an increase for Public Library Services, so that States may continue to develop and extend library services, including interlibrary cooperation activities benefiting public library patrons (along with other network and technological improvements) in support of achievement of the National Goals; and through level funding for the Public Library Construction program, provided as an incentive for States to continue to renovate and upgrade their facilities, or, at their choice, acquire or replace substantial technological equipment.

LIBRARIES

Public library services

(Library Services and Construction Act, Title I)

1996 Authorization (\$ in 000s): Indefinite¹

Budget Authority (\$ in 000s):

	<u>1995</u>	<u>1996</u>	<u>Change</u>
State grants	\$81,562	\$87,352	+\$5,790
Set-aside ²	<u>1,665</u>	<u>1,783</u>	<u>+118</u>
Total	83,227	89,135	+5,908

¹The GEPA extension applies through September 30, 1996.²Mandated set-asides of 1.5 percent for Indian tribes and 0.5 percent for Native Hawaiians.**PURPOSE AND METHOD OF OPERATION**

This is a State formula grant program that provides funds to State libraries to assist in providing public library services. State library administrative agencies must submit annual program plans describing the projects they will support to extend and improve public library services and make them more accessible; help local libraries serve as community information referral centers, provide literacy programs, develop intergenerational programs for latch-key children, provide mobile services to day care centers, support drug prevention programs, and make effective use of technology; establish and support model library literacy centers; and strengthen their own agencies and major urban resource libraries. States may also use funds for awards to library systems or networks that include libraries other than public libraries, if the purpose of the award is to benefit public libraries.

Funds for this program are distributed to States based on total resident population, but with a \$200,000 minimum for the 50 States, D.C., and Puerto Rico, and a \$40,000 minimum for the other outlying areas. Matching requirements range from 33 percent to 66 percent, depending on what proportion the State's per capita income bears to the per capita income of all States. The law provides that, when the appropriation exceeds \$60 million, the additional funds are to be distributed by the States to support and expand major urban resource libraries. State allocations are calculated using the most recently available census data.

Of the funds appropriated for Titles I, II, and III of LSCA, 2 percent is set aside for Indian and Native Hawaiian programs under Title IV of LSCA. Of the 1.5 percent set aside for Indian tribes, one-half is awarded as basic grants, providing equal grants to each eligible applicant, and the remainder is awarded as special grants to those receiving basic grants who apply and successfully compete for additional support. The 0.5 percent set-aside for Native Hawaiians is made as a single award, to a recipient designated by the Governor of the State of Hawaii.

LIBRARIES

Public library services

Funding levels for LSCA I for the past 5 fiscal years, including amounts for Indian tribes and Native Hawaiians, were as follows:

(\$ in 000s)

1991	\$83,897
1992	83,898
1993	83,227
1994	83,227
1995	83,227

1996 BUDGET REQUEST

This program provides an opportunity to involve public libraries in achieving the National Education Goals and in providing greater public access to the national information infrastructure. The increase requested is intended to provide additional funds for these purposes, including most activities previously supported under the Interlibrary Cooperation program. While the Public Library Services program dates from a time when many Americans had little or no access to public libraries, and has largely achieved the purpose of extending a basic level of library services to nearly everyone, it can now be used to increase library involvement in reform initiatives in education -- from supporting challenging learning opportunities for elementary and secondary students, to supporting school to work transition activities for young people, to supporting career retraining for adults.

As students are expected to learn to higher standards, and teachers are asked to alter their instructional strategies to help students achieve to higher levels, the demand for support from public libraries will increase. State and local public libraries already support efforts to improve adult literacy and life-long learning, and typically provide both children's and young adult services. Cooperative activities with schools and school library and media centers are less common, and active public library assistance with school improvement efforts less common still.

As an example of how funds might be used to support education, States could support demonstration projects (they have done so in the past) illustrating ways that local public libraries could support the Goals. The activities of these projects, if successful, could later be supported and expanded with State and local funds. As another example, State libraries could encourage applications from local public libraries for projects to be carried out in cooperation with local schools to support achievement of the Goals. They could also encourage applications to support other types of partnerships that would actively involve libraries in creating lifelong learning environments in American communities.

As our society relies more and more on access to a great variety of information that is readily available only through computers and related telecommunications services, and such equipment and services become more and more common in homes and schools, those without will increasingly be at a disadvantage. Some States have already begun to provide public access to electronic networks. Maryland, for example, uses Public Library Services funds to provide key support for the development of SAILOR, a network with more than 425 sites in the State that not only provides speedy interlibrary loans, but a public gateway to resources on the Internet. The State plans to eventually use the network to provide home and

LIBRARIES

Public library services

office access to library and network resources. Maryland, and other States expanding public library use of technology, have used funds from all three State grant programs (Public Library Services, Public Library Construction, and Interlibrary Cooperation) to do so.

For 1996, States would be encouraged to continue to concentrate on activities to help achieve the National Education Goals and collaborate with schools to assist with school reform in local communities.

IMPACT DATA (\$ in 000s)

	1994	1995	1996
Number of Title I projects supported:	1,925	1,925	2,061
Library Services to Indian Tribes:			
Total number of awards	237	214	211
Number of basic awards	224	200	200
Amount ¹	\$906	\$936	\$802
Number of special awards	12	13	10
Amount ¹	\$906	\$936	\$802
Number of Hawaiian Native awards	1	1	1
Amount ¹	\$604	\$623	\$535
Peer review of applications for new awards	\$10	\$15	\$15

¹These amounts are the totals available for Library Services to Indian Tribes and Native Hawaiians. The amounts for 1994 and 1995 include funds set aside for Library Services to Indian Tribes and Native Hawaiians under Public Library Services, Public Library Construction, and Interlibrary Cooperation. The 1996 amounts include funds set aside under Public Library Services and Public Library Construction.

LIBRARIES

Public library construction

(Library Services and Construction Act, Title II)

1996 Authorization (\$ in 000's): Indefinite¹

Budget Authority (\$ in 000's):

	<u>1995</u>	<u>1996</u>	<u>Change</u>
State grants	\$17,436	\$17,436	0
Set-aside ²	<u>356</u>	<u>356</u>	<u>0</u>
Total	17,792	17,792	0

¹The GEPA extension applies through September 30, 1996.²Mandated set-asides of 1.5 percent for Indian tribes and 0.5 percent for Native Hawaiians.**PURPOSE AND METHOD OF OPERATION**

The purpose of this program is to provide funds for facilities and technology enhancements to improve the provision of local public library services. States may approve projects for: the construction of new buildings; the acquisition, expansion, remodeling, and alteration of existing buildings (including architects' fees and the cost of the acquisition of land); and the purchase, lease, and installation of equipment in new or remodeled buildings. Funds may also be used for technology enhancement of public libraries, providing for the acquisition, installation, maintenance, or replacement of substantial technological equipment, and these activities need not be part of a construction project. Construction policies and procedures must promote the preservation of library resources to be housed in the facilities.

Funds appropriated for this program remain available until expended and are distributed to States according to a formula based on total resident population, but with a minimum of \$100,000 for the 50 States, D.C., and Puerto Rico, and a minimum of \$20,000 for the outlying areas. Matching is required, and the percentage ranges from 50 percent to 66 percent depending on the State's per capita income. The Federal share of the cost of each individual project may not exceed half of the total cost of the project.

State allocations are calculated using the most recently available census data. Amounts shown in the State table for Title II in this document are the amounts allocated from that fiscal year's appropriation; since funds are available until expended, greater amounts may be available to a State if less than the amount indicated was used in a prior year.

Funding levels for LSCA II for the past 5 fiscal years, including the 2 percent set aside for Indian tribes and Native Hawaiians, were as follows:

(\$ in 000's)

1991	\$19,217
1992	16,718
1993	16,584
1994	17,792
1995	17,792

LIBRARIES

Public library construction

1996 BUDGET REQUEST

For 1996, the Department requests level funding for the Public Library Construction program. This program helps public libraries construct and renovate their facilities. Since 1965 the Public Library Construction program has helped support nearly 4,000 construction projects with Federal funds totalling over \$440 million, and has helped States extend access to the services of public libraries to nearly everyone. In recent years, use of funds for new construction has dwindled, and funds (64 percent in 1992) are now largely used for remodeling projects or for building additions (23 percent). State and local matching, required dollar for dollar with Federal funds, reached 83 percent of the total spent on projects under this authority in 1992. This request is intended to provide an incentive to State and local jurisdictions to continue to renovate and upgrade library facilities, in order to maintain this important part of the Nation's infrastructure.

In 1990 Congress modified the authorizing legislation to allow States to use Public Library Construction funds for technology enhancement (without concomitant construction) and States have combined funds provided for this program with funds from Public Library Services and Interlibrary Cooperation to support the purchase of equipment and network connections for public libraries. States would continue to be able to use the construction funds requested for these purposes.

IMPACT DATA

	1994	1995	1996
Number of projects	322	365	365

LIBRARIES

Interlibrary cooperation

(Library Services and Construction Act, Title III)

1996 Authorization (\$ in 000s): Indefinite¹

Budget Authority (\$ in 000s):

	1995	1996	Change
State grants	\$23,226	0	-\$23,226
Set-aside ²	474	0	-474
Total	23,700	0	-23,700

¹The GEPA extension applies through September 30, 1996.²Mandated set-asides of 1.5 percent for Indian tribes and 0.5 percent for Native Hawaiians.**PURPOSE AND METHOD OF OPERATION**

The purpose of this program is to improve the efficiency and effectiveness of the Nation's library services. Funds are used by States to stimulate interlibrary cooperation and resource sharing among all types of libraries, e.g., school libraries, academic libraries, public libraries, and special libraries. Activities include planning, establishing, expanding, and operating local, regional, and interstate cooperative networks of different types of libraries. States may also use funds to develop the technological capacity of libraries for resource sharing, for programs for the preservation of endangered library materials, and to reimburse school libraries for making their resources available to the public after school hours.

Awards for this program are made to State libraries according to a formula based on total resident population, but with a minimum of \$40,000 for the 50 States, D.C., and Puerto Rico, and a \$10,000 minimum for the other outlying areas. Matching funds are not required. State allocations are calculated using the most recently available census data.

Funding levels for LSCA III for the past 5 fiscal years, including the 2 percent set aside for Indian tribes and Native Hawaiians, were as follows:

(\$ in 000s)

1991	\$19,908
1992	19,908
1993	19,749
1994	19,749
1995	23,700

1996 BUDGET REQUEST

This program, which 28 years ago provided the impetus for different types of libraries to form networks to share resources, now provides only a fraction of the amount used for resource sharing by State and local public libraries. Our proposal would consolidate activities funded under this authority, nearly all of which are also permitted under the broader Public Library

LIBRARIES

Interlibrary cooperation

Services program, with the more general authority. States wishing to use funds to support the expansion of public library use of technology for resource sharing to benefit public library patrons and to provide public access to wide area networks could use Public Library Services funds to do so (several already do) and could use funds under the Public Library Construction program for the purchase, maintenance, or replacement of substantial technological equipment.

IMPACT DATA

	1994	1995	1996
Number of cooperative projects	480	500	0

LIBRARIES

Library literacy programs

(Library Services and Construction Act, Title VI)

1996 Authorization (\$ in 000s): Indefinite¹

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1995 Revised</u>	<u>1996</u>	<u>Change from 1995 Revised</u>
\$8,026	0	0	0

¹The GEPA extension applies through September 30, 1996.**PURPOSE AND METHOD OF OPERATION**

The purpose of this program is to provide grants to State and local public libraries for the support of literacy programs for adults.

Grants, all of which are awarded competitively, may not exceed \$35,000. Awards to State library administrative agencies are for coordinating and planning library literacy programs and making arrangements for training librarians and volunteers to carry out such programs. Grants to local public libraries are for recruiting and training literacy volunteers, acquiring materials, and using library facilities for literacy programs. Priority is given to services in areas where large numbers of adults do not have a secondary education, there are few local resources, and incomes are low and unemployment high; and to programs that are coordinated with literacy organizations and community organizations providing literacy services.

Funding levels for the past 5 fiscal years were as follows:

	(\$ in 000s)
1991	\$8,163
1992	8,163
1993	8,098
1994	8,098
1995	8,026

1995 REVISED REQUEST

A rescission of the 1995 appropriation for this program is requested. Since 1986, when this program was first funded, nearly 1,700 small grants have been made to State and local public libraries. In 1992 only 22 percent of the libraries that received awards had never previously received a grant. The Department proposes to discontinue funding because the services provided can also be provided with Public Library Services funds. Use of those funds for literacy services would be encouraged. In addition, public libraries are eligible for funding under the Adult Education State Programs activity. The National Performance Review recommended elimination of the Library Literacy program.

LIBRARIES

Library literacy programs

1996 BUDGET REQUEST

For 1996 no funds are requested for this program. States could use Public Library Services funds to support literacy activities in public libraries. In addition, public libraries would be eligible for funds under the Adult Education and Family Literacy State Grants program, which is part of the GI Bill for America's Workers initiative.

IMPACT DATA (\$ in 000s)

	1994	1995	1995 Revised	1996
Number of projects:				
At the State level	12	12	0	0
In local libraries	235	238	0	0
Peer review of new applications	\$19	\$20	0	0

LIBRARIES

Library education and training

(Higher Education Act, Title II, Part B, Section 222)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1995 Revised</u>	<u>1996</u>	<u>Change from 1995 Revised</u>
\$4,916 ¹	0	0	0

¹Part B of Title II provides that two-thirds of the amount appropriated be used for the purpose of section 222 and one-third for the purpose of section 223. The 1995 appropriation act specified this amount for section 222, overriding the authorized level.

PURPOSE AND METHOD OF OPERATION

The Library Education and Training program is a discretionary grant program that provides funds to institutions of higher education and library organizations or agencies to support the training or retraining of individuals for service in all types of libraries and information centers. Training opportunities are made available through fellowships, traineeships, and institutes. Stipends may be provided for fellows who demonstrate financial need and are working toward graduate degrees. Priorities may include the provision of training in areas where there are critical needs, such as the recruitment and retention of minorities, and where there are shortages, such as school media, children's services, young adult services, science reference, and cataloguing. Training in other areas of need may also be undertaken, such as training in new techniques of information acquisition and communications technology; advanced training in the development and management of library networks, consortia, and information utilities; and training to help librarians better serve the needs of the elderly, the illiterate, the disadvantaged, or persons in rural areas.

Funding levels for the past 5 fiscal years were as follows:

(\$ in 000s)

1991	\$651
1992	5,000
1993	4,960
1994	4,960
1995	4,916

1995 REVISED REQUEST

A rescission of the 1995 appropriation is proposed because this program has largely met its purposes, and no further Federal support is required. No studies have predicted a widespread lack of adequately trained librarians at any level, nor has it been demonstrated that increased funding for this program would lead to a greater number of librarians being hired where shortages are perceived. Much of the funding in recent years has been used for training at

LIBRARIES

Library education and training

the doctoral level. Financial assistance, such as student financial aid, is available to persons interested in library training who need assistance. The Library Education and Training program was recommended for elimination by the National Performance Review.

1996 BUDGET REQUEST

For 1996, no funds are requested for this program.

IMPACT DATA (\$ in 000s)

	1994	1995	1995 Revised	1996
Number of institutions administering fellowships:				
Continuation grants	16 ¹	18 ¹	0	0
New awards	33	32	0	0
Total number of fellows supported	162	150	0	0
Amount	\$3,844	\$3,500	0	0
Number of institutes	16	23	0	0
Amount	\$1,109	\$1,406	0	0
Peer review of new applications	\$7	\$10	0	0

¹ Only doctoral fellowships are awarded for more than one year. This number represents institutions with continuing fellowships at the doctoral level.

LIBRARIES

Research and demonstrations

(Higher Education Act, Title II, Part B, Section 223)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
\$6,500 ¹	0	-\$6,500

¹Part B of Title II provides that one-third of the amount appropriated be used for the purpose of section 223 and two-thirds for the purpose of section 222. The 1995 appropriation act specified this amount for section 223, overriding the authorized level.

PURPOSE AND METHOD OF OPERATION

The Research and Demonstrations program supports research and development relating to the improvement of libraries, including the promotion of economical and efficient information delivery, cooperative efforts, and training in librarianship, and the dissemination of information derived from research and development projects. Discretionary grants and contracts can be awarded to institutions of higher education and other public or private agencies, institutions, and organizations. Historically, projects have been small (under \$60,000) and field-initiated, although more substantial projects, such as work leading to the establishment of the Online Computer Library Center (OCLC), a major national bibliographic referral center, have been undertaken.

Funding levels for the past 5 fiscal years were as follows:

	(\$ in 000s)
1991	\$325
1992	325
1993	2,802
1994	2,802
1995	6,500

1996 BUDGET REQUEST

No funds are requested for the Research and Demonstrations program in fiscal year 1996. Until increases were provided in 1993 and 1994 for purposes specified in the appropriation, this program had essentially been funded at the same very low level since 1980. In 1995, appropriations language specified uses for all of the funds provided. Other sources of funds, such as the National Institute on Postsecondary Education, Libraries, and Lifelong Learning in the Office of Educational Research and Improvement, can support library research as needs arise. The National Performance Review recommended elimination of this program.

LIBRARIES

Research and demonstrations

IMPACT DATA (\$ in 000s)

	1994	1995	1996
Number of R&D awards	12	0	0
Amount	\$302	0	0
Earmark for Statewide online multi-type library database demonstration	1	2	0
Amount	\$2,500	\$5,000	0
Earmark for multistate library consortium	0	1	0
Amount	0	\$1,488	0
Peer review of new applications	\$7	\$12	0

LIBRARIES

Public Library Services

State or Outlying Area	1994 Appro.	1995 Estimate	1996 Request
Alabama	\$1,333,329	\$1,334,988	\$1,427,774
Alaska	360,831	362,422	375,700
Arizona	1,250,222	1,267,036	1,354,267
Arkansas	857,370	857,228	910,956
California	8,658,923	8,660,825	9,352,500
Colorado	1,150,998	1,166,685	1,245,711
Connecticut	1,099,131	1,088,437	1,161,067
Delaware	388,875	389,834	405,353
Florida	3,896,223	3,908,174	4,211,318
Georgia	2,050,190	2,075,146	2,228,440
Hawaii	517,787	517,603	543,567
Idaho	492,475	497,951	522,308
Illinois	3,387,461	3,370,994	3,630,224
Indiana	1,751,590	1,748,659	1,875,263
Iowa	970,738	962,856	1,025,219
Kansas	891,299	886,052	942,137
Kentucky	1,228,964	1,227,096	1,311,062
Louisiana	1,374,887	1,364,447	1,459,641
Maine	538,553	535,998	563,466
Maryland	1,545,139	1,545,919	1,655,948
Massachusetts	1,843,829	1,829,847	1,963,087
Michigan	2,786,064	2,769,238	2,979,274
Minnesota	1,427,732	1,424,612	1,524,725
Mississippi	916,436	916,414	974,983
Missouri	1,623,018	1,618,828	1,734,817
Montana	425,731	427,556	446,159
Nebraska	640,009	635,691	671,308
Nevada	563,764	576,515	607,296
New Hampshire	504,410	505,057	529,995
New Jersey	2,334,558	2,335,938	2,510,551
New Mexico	633,327	638,207	674,031
New York	5,165,544	5,133,010	5,536,285
North Carolina	2,075,210	2,082,747	2,236,662
North Dakota	374,272	372,123	386,194
Ohio	3,218,992	3,206,706	3,452,505
Oklahoma	1,080,289	1,076,007	1,147,621
Oregon	1,015,924	1,021,899	1,089,090
Pennsylvania	3,491,111	3,466,128	3,733,135
Rhode Island	475,438	471,090	493,252
South Carolina	1,187,447	1,187,493	1,268,221
South Dakota	394,887	393,933	409,787
Tennessee	1,576,803	1,582,217	1,595,214
Texas	5,038,451	5,088,099	5,487,702
Utah	696,876	704,108	745,319
Vermont	356,145	356,062	368,820
Virginia	1,947,627	1,959,526	2,103,367
Washington	1,607,426	1,624,637	1,741,101
West Virginia	696,623	693,416	733,752
Wisconsin	1,572,037	1,565,717	1,677,364
Wyoming	327,757	327,477	337,898
District of Columbia	361,309	356,810	369,629
Puerto Rico	1,165,198	1,154,778	1,232,831
American Samoa	52,818	52,680	53,716
Guam	76,490	76,096	79,047
Northern Marianas	51,879	51,750	52,711
Palau	44,144	44,099	33,075
Virgin Islands	67,900	67,599	69,855
Mandated set-aside for Indian tribes and native Hawaiians	<u>1,664,536</u>	<u>1,664,540</u>	<u>1,782,700</u>
TOTAL	83,227,000	83,227,000	89,135,000

LIBRARIES

Public Library Construction

State or Outlying Area	1994 Appro.	1995 Estimate	1996 Request
Alabama	\$293,824	\$294,108	\$294,191
Alaska	127,506	127,778	127,790
Arizona	279,611	282,487	282,565
Arkansas	212,425	212,401	212,449
California	1,546,664	1,546,989	1,547,608
Colorado	262,642	265,325	265,395
Connecticut	253,771	251,943	252,007
Delaware	132,302	132,466	132,480
Florida	732,136	734,180	734,451
Georgia	416,424	420,692	420,828
Hawaii	154,349	154,317	154,340
Idaho	150,020	150,956	150,978
Illinois	645,127	642,311	642,542
Indiana	365,356	364,855	364,968
Iowa	231,813	230,465	230,521
Kansas	218,228	217,330	217,380
Kentucky	275,976	275,656	275,731
Louisiana	300,932	299,146	299,231
Maine	157,900	157,463	157,488
Maryland	330,049	330,182	330,280
Massachusetts	381,131	378,740	378,859
Michigan	542,275	539,397	539,584
Minnesota	309,970	309,436	309,525
Mississippi	222,526	222,523	222,575
Missouri	343,368	342,651	342,755
Montana	138,605	138,917	138,934
Nebraska	175,251	174,513	174,545
Nevada	162,212	164,392	164,420
New Hampshire	152,061	152,171	152,194
New Jersey	465,057	465,293	465,449
New Mexico	174,108	174,943	174,975
New York	949,218	943,654	944,014
North Carolina	420,703	421,992	422,129
North Dakota	129,804	129,437	129,449
Ohio	616,315	614,214	614,433
Oklahoma	250,549	249,817	249,881
Oregon	239,541	240,563	240,623
Pennsylvania	662,853	658,581	658,819
Rhode Island	147,106	146,362	146,382
South Carolina	268,875	268,883	268,955
South Dakota	133,330	133,167	133,181
Tennessee	335,464	336,390	336,491
Texas	927,483	935,974	936,330
Utah	184,977	186,214	186,251
Vermont	126,704	126,690	126,702
Virginia	398,883	400,918	401,046
Washington	340,701	343,645	343,748
West Virginia	184,934	184,385	184,421
Wisconsin	334,649	333,568	333,667
Wyoming	121,850	121,802	121,811
District of Columbia	127,587	126,818	126,829
Puerto Rico	265,070	263,288	263,358
American Samoa	22,192	22,168	22,169
Guam	26,241	26,173	26,176
Northern Marianas	22,031	22,010	22,010
Palau	20,709	20,701	15,525
Virgin Islands	24,772	24,720	24,722
Mandated set-aside for Indian tribes and native Hawaiians	355,840	355,840	355,840
TOTAL	17,792,000	17,792,000	17,792,000

LIBRARIES

Interlibrary Cooperation

State or Outlying Area	1994 Appro.	1995 Estimate	1996 Request
Alabama	\$315,082	\$377,414	0
Alaska	79,037	88,285	0
Arizona	294,910	357,213	0
Arkansas	199,557	235,383	0
California	2,093,151	2,555,267	0
Colorado	270,826	327,380	0
Connecticut	258,237	304,118	0
Delaware	85,844	96,435	0
Florida	937,148	1,142,381	0
Georgia	489,079	597,451	0
Hawaii	117,133	134,418	0
Idaho	110,990	128,576	0
Illinois	813,661	982,686	0
Indiana	416,602	500,392	0
Iowa	227,074	266,785	0
Kansas	207,792	243,952	0
Kentucky	289,750	345,339	0
Louisiana	325,169	386,172	0
Maine	122,174	139,887	0
Maryland	366,492	440,120	0
Massachusetts	438,991	524,527	0
Michigan	667,690	803,793	0
Minnesota	337,995	404,058	0
Mississippi	213,893	252,978	0
Missouri	385,395	461,795	0
Montana	94,789	107,649	0
Nebraska	146,799	169,524	0
Nevada	128,293	151,932	0
New Hampshire	113,886	130,688	0
New Jersey	558,100	674,980	0
New Mexico	145,177	170,272	0
New York	1,245,238	1,506,505	0
North Carolina	495,151	599,711	0
North Dakota	82,299	91,169	0
Ohio	772,770	933,845	0
Oklahoma	253,654	300,423	0
Oregon	238,041	284,337	0
Pennsylvania	838,819	1,010,967	0
Rhode Island	106,854	120,591	0
South Carolina	279,673	333,566	0
South Dakota	87,303	97,653	0
Tennessee	374,178	450,911	0
Texas	1,214,390	1,493,153	0
Utah	160,602	189,863	0
Vermont	77,900	86,395	0
Virginia	464,184	563,079	0
Washington	381,611	463,522	0
West Virginia	160,540	186,684	0
Wisconsin	373,022	446,005	0
Wyoming	71,010	77,897	0
District of Columbia	79,153	86,617	0
Puerto Rico	274,273	323,840	0
American Samoa	13,111	13,769	0
Guam	18,857	20,731	0
Northern Marianas	12,883	13,493	0
Palau	11,006	11,219	0
Virgin Islands	16,772	18,205	0
Mandated set-aside for Indian tribes and native Hawaiians	394,980	474,000	0
TOTAL	19,749,000	23,700,000	0

Department of Education

SALARIES AND EXPENSES OVERVIEW

Fiscal Year 1996 Budget Request

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SALARIES AND EXPENSES OVERVIEW

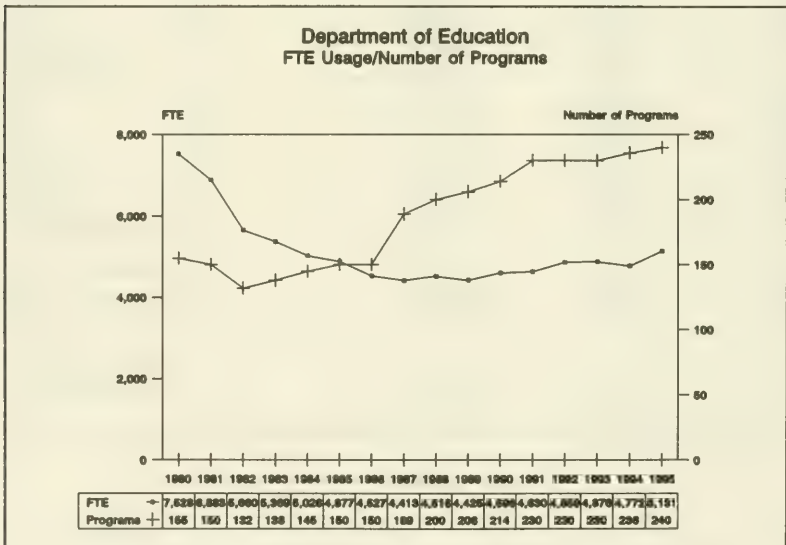
INTRODUCTION

This overview document summarizes the administrative costs and staffing for the entire Department, which currently has 11 appropriation accounts, including Indian Education, that provide salaries and expenses for administering 240 educational assistance programs. The funding levels and full-time equivalent (FTE) employment associated with the Department accounts having S&E resources are shown in charts included in this overview. Greater detail on these activities is provided in each account's justification materials.

MISSION AND GOALS

The Department of Education was created by legislation in 1979, which combined all the Office of Education and other activities from the Department of Health, Education, and Welfare and other agencies. It is a successor to the first, non-cabinet level Department of Education which was created in 1867 to gather educational statistics. Through the years, the number of Federal programs has grown. These programs include aid to local school districts, grants to States, and loans and grants for college students.

Since creation of the Department, the number of programs and the workload of the Department have steadily increased while overall staffing levels have declined, consistent with improved productivity and efforts to control the size of Government. As indicated in the chart below, since 1985 the number of programs has increased dramatically--from 150 programs in 1985 to 240 in 1995--a 60-percent increase. The staffing level during that same period, however, increased by only 6 percent (from 4,877 FTE in 1985 to 5,131 FTE in 1995).



SALARIES AND EXPENSES OVERVIEW

The growing number of programs and decreasing staff levels for the Department have resulted in the smallest cabinet agency in terms of employees with the seventh largest budget--the second largest in terms of the portion of its budget going to State and local governments to help them provide better education to more students. The Department will continue to do more with less in 1996 and the future. It will reinvent the way it does business, strengthen and improve its management, and continue to exert a leadership role in education.

The Department's role includes financial support for education to States, local communities, higher education institutions, and individuals; monitoring and enforcement of civil rights in the area of education; and support for research and evaluations and dissemination of findings to improve the quality of education. The Department works with schools, colleges, educators, parents, business leaders and communities and States across the country in its mission to ensure equal access to education and to promote excellence throughout the Nation.

To accomplish its mission, the Department recently adopted a strategic plan that focuses on four priorities.

1. **To help all students reach challenging academic standards so that they are prepared for responsible citizenship, further learning, and productive employment.**

The premise of this priority is that challenging standards for academic performance set by the States and communities--not the Federal Government--must replace minimum standards. New national initiatives, including the Goals 2000: Educate America Act, the Safe and Drug-Free Schools Act, and the School-to-Work Opportunities Act, have laid the groundwork to implement this priority.

2. **Create a comprehensive school-to-work opportunities system in every State.**

This priority will be implemented through support of State and local efforts to build an education and training system that will help all youth acquire the knowledge, skills, abilities, and labor-market information they need to make a smooth transition from school to career-oriented work and to further education and training.

3. **Ensure access to high-quality postsecondary education and lifelong learning.**

To achieve its third priority, the Department has adopted strategies to remove financial barriers that impede students' access by providing an appropriate combination of aid that meets the education financing needs of students at all income levels .

4. **Transform the Department into a high performance organization.**

The internal changes being made in the Department, designed to enable it to meet the changing needs for national leadership and efficient, responsive service to customers, are discussed in detail in the following sections on streamlining, student financial aid management, and management improvements.

SALARIES AND EXPENSES OVERVIEW

STREAMLINING

The challenge of transforming the Department into a high-performance, customer focused organization has required a significant change in the way the Department does business. Reinvention and restructuring efforts will enable the Department to meet this challenge to create a government that works better and costs less.

The Department submitted a revised streamlining plan in October 1994 in response to the President's commitment to reduce the Federal workforce by 272,900 by 1999. This plan meets the full-time equivalent (FTE) personnel ceilings for 1996 through 1999 established by the Office of Management and Budget (OMB) to meet the Government-wide staffing cap included in the Workforce Restructuring Act and reduces overall staff by 375 FTE--from 5,131 FTE in 1995 to 4,756 FTE in 1999. The savings in staff associated with the President's GI Bill for America's Workers will result in a further decrease of 19 FTE in 1996--reaching an overall decrease of 58 FTE by 1999, to a level of 4,698 FTE. To achieve the reductions outlined in its streamlining plan, the Department will focus restructuring efforts on several major areas:

- o reducing headquarters and overhead positions,
- o reducing managerial layers and supervisory ratios,
- o decreasing FTE in categories targeted by the National Performance Review and OMB,
- o streamlining organizational structures within offices, and
- o reinventing cross-cutting Department functions.

The Government-wide FTE reductions were waived in 1994 and 1995 to implement the Federal Direct Student Loan program--ensuring that \$6.4 billion in savings would be realized by the year 2000, and to improve management of all student aid programs. The waiver allowed the Department to staff up for the Direct Loan program, while maintaining staff for the phase-out of the Federal Family Education Loan (FFEL) program and for improved management of Pell Grants and other student aid programs. Instead of hiring all new staff for Direct Loans, the Department will reassign many FFEL employees beginning in 1996 as FFEL workload decreases and Direct Loans expands its share of student loan volume.

In addition to the reallocation of staff from FFEL to Direct Loans, other significant improvements are taking place within the Office of Postsecondary Education. The Department's debt collection reinvention team is being restructured to reduce the number of supervisors and managers, provide more employee involvement in decisions regarding work processes, and empower employees to provide prompt, quality service to customers.

While most of the Department's organizational structure is legislatively determined, there is opportunity for moving toward a leaner and more flexible structure within offices. Some examples of streamlining and restructuring activities currently underway in the Department include the following:

SALARIES AND EXPENSES OVERVIEW

- o creation of "regional service teams" within the Office of Elementary and Secondary Education (OESE) to cluster expertise from all OESE programs into teams that would be responsible for monitoring and technical assistance within a group of States. Use of area desks will allow better coordination of staff working on categorical programs and ultimately should enable OESE to consider eliminating branches or other supervisory layers.
- o increased use of the "team concept" to allow the Department to further reduce layers as well as the number of supervisors. For example, the Office of Management recently reorganized from a hierarchical structure to groups with team leaders focused on customer needs. The new structure reduced the number of supervisors by over 20 percent, from 70 to 15 for 325 employees. The Office of the Inspector General is restructuring its 10 regional and 11 field offices into 4 regional areas with self-directed work teams. The Office for Civil Rights has also adopted the team approach and won the "Heroes of Reinvention" Hammer Award for significant restructuring in its New York regional office.
- o consolidation of administrative functions in smaller offices and those with regional components, thus eliminating the need for duplicative administrative support. For example, both the Office of Legislation and Congressional Affairs and the Office of the Deputy Secretary now receive administrative support from the Office of the Secretary, eliminating the need for separate administrative staffs.

The Department also used the authority in the Federal Workforce Restructuring Act to offer voluntary separation incentive payments (buyouts) to employees in both 1994 and 1995. In 1994, the buyout was open to all employees and was used primarily to get a better mix of staff with the skills needed to implement the Department's new initiatives, reduce higher grade levels, save money in the long run, and ease the process of reallocation of staff resources as offices revamp their organizational structures. In 1995, the buyout initially was targeted to managers and supervisors in grades 13, 14, 15, and in the Senior Executive Service, and later to non-supervisory employees in grades 14 and above. The 1995 buyout was used to comply with the President's Executive Order and the recommendations of the National Performance Review to reduce staff in these categories and eliminate organizational layers, thus increasing the span of control for supervisors from the current ratio of approximately 1:6 to 1:12.

These are only a few examples that reflect the Department's commitment to its priority of carrying out a proper and effective Federal leadership role in education that is more efficient and less costly to the American taxpayer. The reinvention and restructuring efforts currently underway will enable the Department to fulfill this important role.

STUDENT FINANCIAL AID MANAGEMENT

Improving management of the student financial assistance programs and the successful implementation of Direct Loans, are the Department's management priorities. These priorities encompass many aspects of successful delivery of financial assistance to the Nation's postsecondary students: expanding repayment options; consolidating loans; providing a smooth transition from Federal Family Education Loans to Direct Loans; and improving gatekeeping, customer service, and loan servicing and debt collection.

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In October of 1994, the Secretary appointed a Senior Advisor for Direct Lending, whose time is devoted solely to the transition to the new Direct Loan program. The Advisor's responsibilities include the Direct Loan program and all related areas of the other student loan programs, such as oversight of the new computerized financial aid delivery system, guaranty agencies, and debt collection. All functions assigned to the Advisor will eventually be phased back into the functions of OPE after the successful transition to the Federal Direct Student Loan program.

During 1994, the first year of the Direct Loan program, the Department successfully signed on 104 schools that awarded 6 percent of the new loan volume. In 1995, with the selection of 1,495 schools, the Department will achieve a mix of 40 percent of new loan volume in Direct Loans and 60 percent in FFEL. In an effort to ensure the successful implementation of the Federal Direct Student Loan program, the Secretary has made it a Department priority and devoted significant resources to support the program.

The Department's efforts to improve the management of student financial aid will include a focus on the following initiatives:

Strengthened gatekeeping efforts:

- o The Department has developed an implementation plan for a new Program Integrity Triad created by the Higher Education Amendments of 1992. Program Integrity triad is comprised of the States, accrediting agencies, and the Department of Education. Through its "gatekeeping" functions, the triad will ensure the overall quality and integrity of institutions eligible to participate in Federal student financial assistance programs. During FY 1994 and early FY 1995, the Department's gatekeeping efforts have resulted in the termination of approximately 90 institutions from the student aid programs.
- o During 1996, the Department plans to conduct 2,000 institution recertification reviews, review for compliance with financial responsibility standards all financial audits submitted in 1996, conduct 950 regularly scheduled institutional program reviews and 50 in-depth team reviews at high-risk institutions, and increase the number of institutions provisionally certified for program eligibility.

Improved customer service:

- o Within the Office of Postsecondary Education, a new Customer Support Staff (CSS) has been created to help improve timeliness and consistency of responses to customer inquiries, as well as to gain a broader view of our customers' concerns. CSS provides a central location within OPE to answer policy questions and resolve problems that cut across program and organizational lines. While most questions will continue to be handled by the student aid information contractor (1-800-4FEDAID), CSS will provide an additional contact for students and schools experiencing problems.

Strengthened debt collection efforts:

- o Because of improved student aid management and more effective collection methods, the Department collected \$506 million on defaulted loans in FY 1994.

SALARIES AND EXPENSES OVERVIEW

This total is an increase of \$33 million over the 1994 performance goal and a 192-percent increase over 1993 collections of \$173 million. National default rates for the most recently measured three-year period also have dropped substantially, from 22.4 percent to 15.0 percent, resulting from stricter Department oversight and implementation of default reduction initiatives. The single, most effective tool used to reduce defaults has been the matching of tax refunds with default records. Implementation of a wage-garnishment initiative in 1995 will contribute additional collections as salaries of defaulters are offset by employers.

1996 BUDGET REQUEST

To achieve the commitments outlined in its strategic plan, the Department is requesting a total of \$531.5 million in discretionary budget authority for administrative accounts in 1996, a net increase of \$11.5 million. The increase includes \$16.5 million in built-in costs for pay raises, benefits, and rate increases for mail and rent, offset by decreases in programmatic activities of \$5 million. Of the total request, \$290.7 million is for the personnel compensation and benefits of 5,060 FTE, and \$240.8 million is for non-personnel items. An additional \$550 million in permanent authority is available for the administration of the Federal Direct Student Loan program and many guaranty agency expenses, including \$135.6 million for non-Federal activities, related to the transition from the Federal Family Education Loan program. The salaries and expenses request amounts to about 2 percent of the total Department budget; 3 percent including Direct Loans.

Staffing

The 1996 staffing request for the Department is 5,060 FTE, a net decrease of 71 FTE from the 1995 level of 5,131 FTE. This reduction supports the Department's restructuring efforts outlined in its streamlining plan approved by OMB. The 1996 request includes a reduction of 19 FTE below the FTE level of 5,079 in the streamlining plan due to the savings associated with the President's GI Bill for America's Workers. The Department will shift a portion of its Pell Grant funding to the Department of Labor to provide Skill Grants, thus saving 14 FTE in 1996. In addition, 5 FTE will be saved by restructuring current vocational education programs and revitalizing the Nation's adult education and family literacy systems. The following chart is a summary of the Department's FTE reductions from planned ceiling levels from 1993 through 1999.

Summary of FTE Reductions

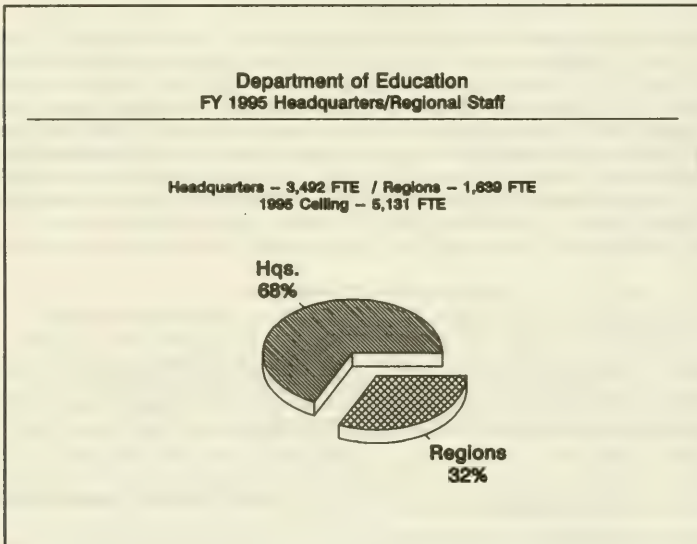
	1993	1994	1995	Change 1993 - 1995		1995	1996	1997	1998	1999	Change 1995 - 1999	
				Number	Percent						Number	Percent
Planned Ceiling	5,023	5,090	5,131	108	2.2%	5,131	5,060	4,863	4,851	4,898	-433	-8.4%
Direct Loans	51	220	346	295	578.4%	346	496	520	520	520	174	50.3%
Student Financial Aid (SFA)	996	993	984	-12	-1.2%	984	819	812	777	706	-278	-28.3%
Non-SFA	3,976	3,877	3,801	-175	-4.4%	3,801	3,745	3,651	3,554	3,472	-329	-8.7%

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Within the overall FTE total for the Department in 1996, there is an increase of 150 FTE for implementation of the Direct Loan program, from 346 FTE in 1995 to a total 496 FTE in 1996. At the same time, staffing levels in the rest of the Department will decrease by 221 FTE. Approximately 75 percent of the FTE reduction—165 FTE—is attributed to the decreasing workload resulting from the transition from FFEL to Direct Loans. Many of the remaining FFEL staff will be reallocated to Direct Loans where workload will increase as the program expands its share of the student loan volume. Approximately 26 percent of the Department's total FTE is devoted to management of the student financial aid programs.

Outside of the student aid area, staff will be reassigned to high-priority initiatives such as School-to-Work, Goals 2000, Title I of the Elementary and Secondary Education Act, the Office of Educational Research and Improvement reorganization, including staff for the National Library of Education, and Safe and Drug-Free Schools, which will require the Department to provide national leadership and assistance to States and communities to coordinate services at the Federal, State and local levels. FTE in most other areas will be kept constant or reduced.

As shown in the following chart, approximately 32 percent of the Department's staff are located in 10 regional and 12 field offices. Most of these employees are assigned to the Offices of Postsecondary Education, the Inspector General, or Civil Rights where they conduct reviews of lenders, institutions, and guaranty agencies participating in the student financial aid programs; collect the debt associated with defaulted student loans; conduct audits and investigations of Department programs and operations; investigate civil rights complaints; and conduct civil rights compliance reviews.



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Personnel Costs

The Department will spend \$319.4 million in 1996 for personnel compensation and benefits (PC&B) for its 5,060 FTE, an increase of \$9.7 million from the 1995 level. The increase is primarily due to built-in cost increases, including the annualization of the 1995 pay increase, the proposed Government-wide January 1996 pay increase of 2.4 percent, within-grade increases, career ladder promotions, one more paid day in 1996, and the Government's portion of employee benefits.

The total requested for PC&B also includes Federal contributions to both the Federal Employees' Retirement System (FERS) and the Civil Service Retirement System (CSRS), as well as the employer's share of costs for health insurance, life insurance, Social Security, and Medicare. These costs have doubled over the last 13 years, from an average of 11 percent of an employee's salary in 1983 to an estimated 23 percent in 1996. Employees covered under the CSRS, which has lower benefits costs than FERS, have been retiring and are being replaced by employees subject to the FERS, which has higher benefits costs. The higher costs primarily result from the required matching of employee contributions in the thrift savings plan.

Non-personnel Costs

Student Financial Aid

In contrast with many other agencies, the Department relies heavily on the use of contractors rather than Federal staff to design and operate the systems that provide services and support necessary for the delivery of nearly \$38 billion in student aid. While the costs of these major systems represent 48 percent of all non-personnel administrative costs in the Department, the use of contractors enables the Department to maintain a lean Federal staff.

Within the student financial aid area, significant non-personnel items include the following:

- o The Direct Loan System Support Contract, for origination and servicing of Direct Loans that were made in 1994 and 1995 through Computer Data Systems, Inc. in Rockville, Maryland, is estimated to cost \$59.6 million in 1996, compared to \$16.6 million in 1994 and \$54.7 million in 1995. In 1995, competition and development began for multiple contracts for direct loan originating and servicing contractors to handle direct loan volumes in 1996 and beyond. The 1995 costs are \$11.3 million for development and start-up, with an estimated increase to \$43.2 million in 1996 when the contractors begin to actually process loans. The estimated total of the origination system support contracts for Direct Loans will increase by \$36.8 million in 1996, to a total of \$102.8 million, due to an estimated increase in direct loan volume—from 40 to 80 percent of the total loan volume. These systems also handle consolidation of multiple loans, including FFEL, into a single Federal Direct Student Loan, as well as several repayment options including 10-year standard, income-contingent, graduated, and extended repayment methods.
- o Costs for continuation of the National Student Loan Data System (NSLDS) will increase from \$15 million in 1995 to approximately \$18 million in 1996. NSLDS is a national database, run by a contract with E-Systems of Greenville, Texas, with

SALARIES AND EXPENSES OVERVIEW

information on Perkins, FFEL and Direct Loans and other Federal financial aid awarded to students under Title IV of the Higher Education Act (HEA). NSLDS is being developed in response to the requirements of Section 485B of HEA, and 1996 will be the first full year operation. The \$3 million increase in 1996 will be used to provide enhanced capabilities and expanded use of systems, including pre-screening of financial aid applications, calculation of the FFEL cohort default rates, performance of reasonability tests on guaranty agency and lender billings to the Department, and many other functions vital to the accurate and efficient delivery of student aid. By preventing the award of Pell Grants and loans to previous defaulters or those who have reached award limits, NSLDS will save close to \$150 million in 1995 program funds, even though it will be in operation for only part of FY 1995.

- o The budget includes \$50 million in 1996 to implement a central ADP computer facility that will support all student aid programs and consolidate the processing systems of all current contractors into a single contract facility. Services provided by this facility would include operating a data center, providing and maintaining hardware and systems software, running applications software, and providing security and workspace for support services staff. In addition to creating a more manageable and efficient environment, the facility will provide integrated data access, ensure sufficient processing capability to satisfy more efficiently existing requirements, and be more responsive to customers' needs. The design study for the Title IV Platform computer facility began in 1994 at a cost of \$1.25 million and continued in 1995 at \$1.5 million. With the design and set-up complete, the Title IV Platform will be ready for implementation in 1996. The Department currently has a contract with Automated Information Management, a program systems service contractor in Lanham, Maryland, to develop a project management plan, which is due to be completed in February 1995.
- o Costs for the Student Aid Information Center contract with National Computer Systems in Iowa City, Iowa, increase by \$2.1 million, from \$10.4 million in 1995 to \$12.5 million in 1996, in order to provide the public with more immediate access to information about student aid. Section 483(d) of HEA requires the Department to provide toll-free telephone service (1-800-4FEDAID) to the general public to obtain information concerning Federal financial assistance to students.
- o Costs for the General Electronic Support (GES) contract with National Computer Systems in Iowa City, Iowa, are estimated to be \$15 million in 1996, a \$5 million increase over the 1995 level of \$10 million. GES is a wide area network that provides data transmission support for institutions to connect to the various Title IV student financial aid databases and send and receive data from the Central Processing System. The increased funding required for GES is the result of an increase in the number of schools participating in the Direct Loan program and additional support required for the dissemination of NSLDS software and user guides.
- o Approximately \$54 million will be required in 1996 for the Title IV application processing contracts, the same funding level as 1995. These contracts accept and process data from the Free Applications for Federal Student Aid (FAFSA) and the renewal applications to determine student eligibility and aid levels. Of the total funding for 1995, \$7.8 million represents a one-time cost for the recompetition and implementation of new contracts. However, in 1996, the contractor costs will increase

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by nearly \$7.8 million due to increased loan volumes. The total funding required in 1996, therefore, will remain the same as in 1995. Contractors are located in New Jersey, Pennsylvania, Iowa, and New York.

- o In 1996, \$135.6 million in permanent budget authority is included in the Federal Direct Student Loan Program Account for a non-Federal activity: administrative expense allowances (AEA) for guaranty agencies. There are 42 agencies located in most States, although individual agencies in Idaho, Maryland, Mississippi, Puerto Rico, and the Virgin Islands have recently ceased independent operations or announced intentions to close. The 1996 estimate for AEA costs is \$77.7 million less than the \$213.3 million in 1995, due to an anticipated decrease in FFEL loan volume, from 60 percent in 1995 to 20 percent in 1996. The actual amount of AEAs will vary depending on actual loan volume and policy decisions concerning the calculation of AEA costs in 1996, currently calculated at 1 percent of guaranty agencies' new loan volume. It is expected that AEAs will be completely phased out by the end of 1998.

Management Improvements

In the past, the Department has been criticized by the Congress, the General Accounting Office, the National Performance Review, and others for a number of management deficiencies. These included non-responsiveness to the Congress and the public; a focus on compliance with regulations and requirements rather than on the needs of students, parents, and teachers; lack of management leadership and planning; poor financial management, especially in the student aid area; and lack of a highly skilled workforce and employee development opportunities. The Department has made significant progress during the last two years in examining and revising basic work processes and functions that will address these long-needed improvements.

New Management Structure

Some of the first steps that were taken to address these weaknesses were the establishment of a management structure to promote improvement. This structure included:

- o an Executive Management Committee that meets weekly to discuss and resolve Department-wide management issues, and a Reinvention Coordinating Council that oversees change efforts in the Department and charts teams of employees to work on key issues such as training and development, diversity, performance measurement, and the performance appraisal process.
- o a Labor Management Partnership Council that provides the means for union officials and management to work together on common goals and initiatives.
- o a "Low Hanging Apples" team that identifies unnecessary and burdensome procedures and practices. To date, the team has identified more than 60 unnecessary or burdensome procedures that have been fixed or were easily eliminated based on employee recommendations. For example, the Department's notices of proposed rulemaking will now include the option for commenters to send their responses through the Internet.

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Monitoring

The Department is continuing to emphasize program monitoring and technical assistance to grantees. However, the focus of program monitoring has been expanded to include an emphasis on ensuring the American taxpayer that not only are funds properly spent and accounted for, but that the programs accomplish their purposes. Initiatives such as using regional service teams that cross program lines will make the most effective and efficient use of the \$9.7 million requested for travel (down slightly from 1995) to monitor programs other than Direct Loans. Another \$4.4 million in permanent budget authority is included in the travel budget for Direct Loans to help the Department manage the successful oversight of that program.

Grant Awards Process

As recommended by the National Performance Review, the Department has taken steps to streamline its discretionary grants process by improving the timeliness of grantee notification, distributing grant funds electronically, establishing simplified and more timely internal review procedures, and eliminating unnecessary requirements. A quality improvement team was established to "reinvent" the discretionary grants process. Beginning in 1995, continuation awards for discretionary programs will be made on a multi-year basis—pending availability of funds, which will minimize time spent by recipients and ED staff on preparing and reviewing materials and thus enable awards to be made earlier in the school year planning process.

Other recommendations of the NPR being implemented through the coordinated efforts of the Grants and Contracts Service and the Department's program offices include notifying applicants as soon as funding decisions are made, increasing the training provided to grants management staff, preparing a grants handbook to help improve customer service, contracting out part of the peer review process, and developing a generic grants application.

Staff Training

As the Department continues its reinvention and restructuring efforts to achieve the staffing reductions outlined in its streamlining plan, staff training and retraining will continue to be a high priority. In order to "transform the Department into a high performance organization," the Department will need to train staff to be more productive and able to move into higher priority areas within the Department. To support this goal, the budget request includes \$8.074 million for Federal staff training in 1996, an increase of \$3.446 million over the 1995 level of \$4.628 million. The requested level is 2.5 percent of the total payroll costs, which is slightly higher than the private industry benchmark of 2 percent for employee training. The requested funding will allow the Department to:

- o provide training on organizational performance and education reform;
- o provide additional training to improve financial management;
- o support supervisory and managerial training needs;
- o improve employees' technology skills in order to increase productivity as staff resources decline;

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- o retrain staff for reassignment within the Department to higher priority initiatives; and
- o provide personal career development.

To ensure that all Department employees have equal access to high-quality training, the Department will improve the service provided by its internal training facility, the Horace Mann Learning Center (HMLC). In accordance with the recommendations of the National Performance Review, the HMLC will conduct a skills assessment of all employees and then develop a comprehensive educational program for each job series, will increase the extent to which it delivers training, and develop and manage a comprehensive training program for the Department's executives.

Technology and Information Systems

The poor state of the Department's technological environment in the past has been well-documented. The strategic plan calls for development of a world-class information system that will enable employees to perform their jobs more efficiently and effectively and allow the Department to become a high performance organization. The three main goals that will move the Department forward in this area are:

- o improving the management of information;
- o providing modern technology to employees; and
- o expanding public access to educational information.

The Department has already made great progress toward achieving the first two goals. For example, by the end of 1995, most employees will have access to desktop computers capable of operating in a Microsoft Windows environment, be hooked up to the local area network, and have access to Internet.

In 1996, the Department is requesting \$25.5 million for centralized ADP and telecommunications services, an increase of \$600,000 from 1995. Of the total, \$14.8 million is for centralized ADP services, a net decrease of \$300,000 from the 1995 level of \$15.1 million. These funds will be used to expand the Department's on-line materials to allow greater communication capabilities between the Department and schools, teachers, and other customers, and to support: network operations and maintenance including modification and upgrade of the network infrastructure; video conferencing capabilities for the Department's monthly Satellite Town Meetings, which were instituted by former Secretary Lamar Alexander and are designed to share ideas about solving current problems in education; and broadcasts between headquarters and regional offices.

The request includes \$10.7 million for telecommunications services, an increase of \$900,000 over the 1995 amount of \$9.8 million. These funds support the Department's local and long distance telecommunications requirements, the Department's 800 number information lines such as 1-800-4FEDAID, which provides a broad range of services and information about the student financial aid programs, and the 1-800-USA-LEARN (Gateway to ED), which provides a "one-stop shopping" link between the Department of Education and America's schools, teachers, students, parents, and communities.

SALARIES AND EXPENSES OVERVIEW

Financial Management

The Department's budget request reflects a continuing emphasis on improving accounting and financial management, a major area of criticism by the GAO. The Department has developed a Financial Management Strategic Plan to improve overall financial management. Using the benefits of the Department's increased information technology capability, the Department has already accelerated the process of electronically providing funds to schools to make financial assistance awards to students, and providing grant recipients with electronic access to their financial records and the ability to submit reports electronically.

A major component of the financial management plan is the redesign of the Department's financial management and information systems to integrate the payments, grant and contract, and accounting systems into one system, thus improving the financial management of the Department's 240 programs and services to grantees. The budget request includes \$11.605 million to continue the redesign and implementation of the grants management function and to complete part of the contracts management function. The financial management systems redesign will be completed and implemented in FY 1998.

Departmental Overhead Expenses

Departmental overhead expenses cover centralized support and administrative services for every program and staff office within the Department. Included in this category are costs for mail, rent, Departmental staff training, payroll, administrative payments processing, services provided by other Federal agencies, and Departmental equipment. In 1996, \$90.8 million is requested for these expenses, an increase of \$8.4 million over the 1995 level of \$82.4 million. Recognizing economies of scale, the bulk of the services provided by other agencies is for Department-wide overhead activities; there are several exceptions including continuation of the basic services provided by the Library of Congress to the expanded National Library of Education, at a cost of \$145,000.

Of the requested increase, \$3.9 million is for rent. The budget request of \$45.2 million is based on an anticipated 6-percent increase in the GSA rent rates for 1996, space to accommodate some additional staff that will be hired to implement the Department's Direct Student Loan program, and regional labs that will provide training to Office of Postsecondary Education employees as well as postsecondary education program administrators of participating schools.

Mail costs will increase by \$3.3 million over the 1995 level of \$22.3 million to \$25.6 million. Approximately 65 percent of the Department's total postage costs are associated with the mailing of student financial assistance materials, including the direct mailing of renewal applications for Federal student aid. The increase of \$3.3 million covers the costs for mailing additional renewal applications, program grant applications, and Goals 2000 information; and for the 10 percent rate increase in postage that took effect on January 1, 1995.

The request of \$2.7 million for equipment is an increase of \$1.1 million over the 1995 level of \$1.6 million, and includes systems furniture for headquarters staff and the Department's regional offices in Philadelphia, Atlanta, and San Francisco, and the regional training labs for student financial aid programs. The use of systems furniture allows the Department to

SALARIES AND EXPENSES OVERVIEW

comply with GSA requirements for efficient utilization of space and at the same time improve the quality of the work environment.

Departmental Renovation

The budget includes \$20 million in a separate, multi-year account, for the one-time costs to cover the Department's share of the renovation of its headquarters building (FB-6). Following the relocation of the headquarters staff to temporary quarters during the summer of 1994, the interior of the headquarters building was demolished as a prelude to its complete renovation. Although GSA will pay most of the renovation costs, the Department will pay for items such as telecommunications wiring, space for the newly legislated National Library of Education, and the systems furniture needed to maximize space for the 1,600 employees who will occupy the building. When completed in January 1998, Department staff will be moved back from temporary quarters in FB-10B and from more expensive commercial leased space in the Portals building and at Capitol Place which they currently occupy.

SALARIES AND EXPENSES OVERVIEW

Department of Education

Full-time Equivalent Employment (Staff Years) by Account

ACTIVITY	1994	1995	1996 Request	Change from 1995
Program Administration	2,918	3,024	2,982	(42)
Office for Civil Rights	821	833	824	(9)
Office of the Inspector General	358	365	360	(5)
Subtotal, Department Management	4,097	4,222	4,166	(56)
FTE funded from other accounts:				
Federal Family Education Loans	461	495	330	(165)
College Housing and Academic Facilities Loans	9	8	8	0
Federal Direct Student Loans (permanent authority)	140	346	496	150
Historically Black College and University Capital Financing	2	2	2	0
Vocational and Adult Education (National Institute for Literacy)	11	8	8	0
School Improvement Programs (National Commission on Time and Learning)	3	0	0	0
Education Research, Statistics and Improvement (National Assessment Governing Board)	10	11	11	0
Appalachian Regional Commission Programs	2	2	2	0
Subtotal, Other Accounts	638	872	857	(15)
Indian Education	37	37	37	0
Total, Staffing	4,772	5,131	5,060	(71)

SALARIES AND EXPENSES OVERVIEW**Department of Education****Full-time Equivalent Employment (Staff Years) by Office**

Office	1994	1995	1996 Request	Change from 1995
Postsecondary Education	1,240	1,494	1,469	(25)
Elementary and Secondary Education	213	240	246	6
Bilingual Education and Minority Languages Affairs	42	46	46	0
Special Education & Rehab. Services	388	402	388	(14)
Vocational and Adult Education 1/	101	115	114	(1)
Educational Research and Improvement	406	403	394	(9)
Secretary	110	103	105	2
Deputy Secretary	20	21	22	1
Under Secretary	132	142	138	(4)
General Counsel	106	121	119	(2)
Intergovernmental/Interagency	100	101	106	5
Legislation and Congressional Affairs	22	24	25	1
Management	330	322	311	(11)
Chief Financial Officer	313	335	329	(6)
Advisory Councils	12	8	8	0
Office for Civil Rights	821	833	824	(9)
Office of the Inspector General	358	365	360	(5)
National Institute for Literacy	11	8	8	0
National Assessment Governing Board	10	11	11	0
Indian Education	37	37	37	0
Total, Staffing	4,772/2	5,131	5,060	(71)

1/ Includes 2 FTE funded by the Appalachian Regional Commission.

2/ Approved FTE level for 1994 was 5,090; actual usage was 4,772 FTE.

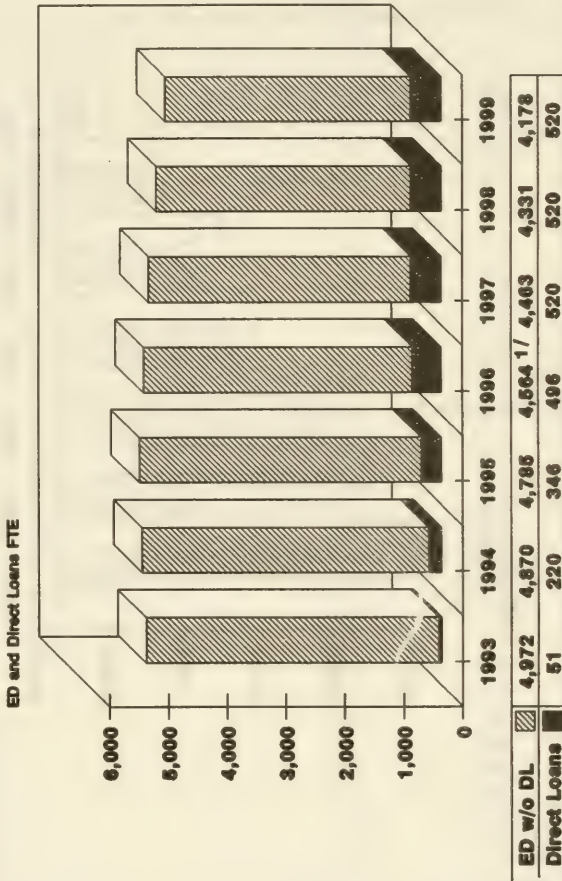
SALARIES AND EXPENSES OVERVIEW**Department of Education****Budget Authority by Account****(in \$000s)**

ACTIVITY	1994	1995	1996 Request	Change from 1995
Program Administration	346,008	356,021	369,115	13,094
Office for Civil Rights	56,570	58,325	62,784	4,459
Office of the Inspector General	28,840	30,437	34,066	3,629
Education Department Headquarters Renovation	0	0	20,000	20,000
Subtotal, Department Management	431,418	444,783	485,965	41,182
Administrative costs funded from other accounts:				
Federal Family Education Loans	69,966	62,191	30,066	(32,125)
College Housing and Academic Facilities Loans	730	1,022	1,027	5
Federal Direct Student Loans (permanent authority) 1/ & 2/	260,000	345,000	550,000	205,000
Historically Black College and University Capital Financing	200	347	166	(181)
Vocational and Adult Education (National Institute for Literacy)	4,909	4,869	7,000	2,131
Education Research, Statistics and Improvement (National Assessment Governing Board)	2,926	3,000	3,500	500
Subtotal, Other Accounts	338,731	416,429	591,759	175,330
Indian Education	3,835	3,768	3,785	17
Total, discretionary (current authority)	513,984	519,980	531,509	11,529
Total, mandatory (permanent authority)	260,000	345,000	550,000	205,000
Total, Salaries and Expenses	773,984	864,980	1,081,509	216,529

1/ Of permanent budget authority provided for Administration of the Federal Direct Student Loans program, obligations in FY 1994 were \$165.003 million and are estimated to be \$393.247 million in FY 1995.

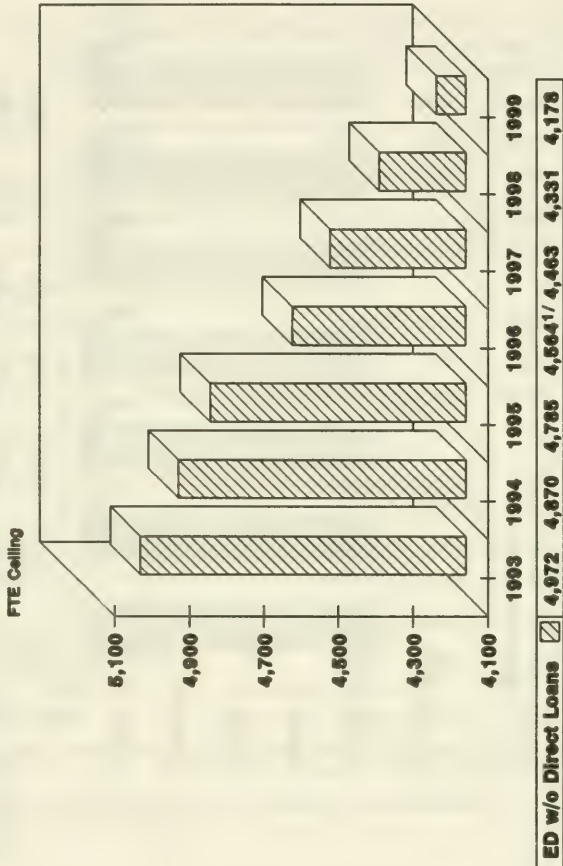
2/ Administrative Expense Allowances to non-Federal guaranty agencies accounted for \$213.299 million in 1995 and \$135.552 million in 1996.

**Department of Education
FTE Ceiling Profile - 1993 Through 1999**



^{1/} Reflects reduction of 19 FTE attributable to the GI Bill for America's Workers.

**Department of Education
FTE Ceiling Profile (excludes Direct Loans) - 1993 Through 1999**



1/ Reflects reduction of 19 FTE attributable to the GI Bill for America's Workers.

Department of Education
Detail of Full-Time Equivalent Employment

	1994 Actual	1995 Estimate	1996 Request
Executive level I.....	1	1	1
Executive level II.....	1	1	1
Executive level III.....			
Executive level IV.....	15	15	15
Executive level V.....			
Subtotal.....	17	17	17
Total - Exec. Lev. Sal.....	\$2,017,500	\$2,017,500	\$2,017,500
ES-6.....	9	9	9
ES-5.....	16	13	11
ES-4.....	29	26	21
ES-3.....	11	9	11
ES-2.....	7	7	7
ES-1.....	13	13	13
Subtotal.....	85	77	72
Total - ES Salary.....	\$9,207,639	\$8,480,506	\$7,918,792
AL.....	1	1	1
AD.....	55	55	55
GS/GM-15.....	334	323	319
GS/GM-14.....	577	562	541
GS/GM-13.....	878	858	846
GS-12.....	1056	1083	1079
GS-11.....	336	410	399
GS-10.....	5	5	5
GS-9.....	313	424	434
GS-8.....	61	61	61
GS-7.....	333	509	510
GS-6.....	202	202	202
GS-5.....	238	263	238
GS-4.....	199	199	199
GS-3.....	51	51	51
GS-2.....	31	31	31
GS-1.....	0	0	0
Subtotal.....	4,670	5,037	4,971
Total full-time equivalent employment, end of year.....	4,647	5,185	4,995
Full-time equivalent (FTE) usage.....	4,772	5,131	5060
Average ES level.....	3.6	3.6	3.5
Average ES salary.....	\$108,325	\$110,136	\$109,983
Average GS/GM grade.....	9.6	9.5	9.5
Average GS/GM salary.....	\$48,598	\$48,080	\$50,151

Department of Education

PROGRAM ADMINISTRATION

Fiscal Year 1996 Budget Request

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PROGRAM ADMINISTRATION

For carrying out, to the extent not otherwise provided, the Department of Education Organization Act, including rental of conference rooms in the District of Columbia and hire of two passenger motor vehicles, [\$356,021,000] \$370,844,000. (*Department of Education Appropriations Act, 1995.*)

NOTE: This language supports the budget proposal without accounting for a savings of \$1,729,000 from the President's GI Bill for America's Workers.

PROGRAM ADMINISTRATIONAmounts Available for Obligation
(\$ in 000s)

	1994	1995	1996
<u>Current authority:</u>			
Annual appropriation	\$352,008	\$356,021	\$370,844
Enacted mandated reduction	-6,000	0	0
Proposed savings related to GI Bill for America's Workers	<u>0</u>	<u>0</u>	<u>-1,729</u>
Subtotal, current authority	346,008	356,021	369,115
<u>Permanent authority:</u>			
Spending authority from off-setting collections from:			
Federal funds: administrative services	64,307	105,520	8,834
Non-Federal sources:			
Intergovernmental Personnel Act assignments	<u>70</u>	<u>35</u>	<u>35</u>
Subtotal, permanent authority	64,377	105,555	8,869
Subtotal, gross budget authority	410,385	461,576	377,984
Unobligated balance, start of year	655	543	494
Unobligated balance, end of year	-543	-494	-494
Unobligated balance expiring	<u>-535</u>	<u>0</u>	<u>0</u>
Total obligations	409,962 ¹	461,625 ¹	377,984 ¹

¹ Includes the following amounts for reimbursable activities carried out by this account: 1994 - \$64,377, 1995 - \$105,555, 1996 - \$8,869.

PROGRAM ADMINISTRATION

Obligations by Object
(in thousands of dollars)

		1994	1995	1996	Change from 1995 to 1996
11.1	Full-time permanent	\$138,298	\$139,847	\$142,805	\$2,958
11.31	Full-time temporary	9,956	9,234	9,648	414
11.3A	Part-time	1,813	2,776	2,850	74
11.33	Consultants	701	667	691	24
11.5	Overtime	380	459	489	30
11.5	Awards	1,998	1,563	2,451	888
11.8	Other Compensation	76	0	0	0
	Compensation subtotal	153,222	154,546	158,934	4,388
12.0	Benefits	28,073	33,771	36,016	2,245
13.1	Benefits for former personnel	7,480	510	0	(510)
	Comp/benefits subtotal	188,775	188,827	194,950	6,123
21.0	Travel	5,062	5,205	5,516	311
22.0	Transportation of things	107	143	143	0
23.1	Rental payments to GSA	21,612	23,676	25,567	1,891
23.3	Communications	1,707	979	324	(655)
23.31	ADP/Telecom Rentals & Misc	848	729	696	(33)
23.33	Postage/fees	13,910	18,339	19,209	870
	Subtotal 23	38,077	43,723	45,796	2,073
24.0	Printing & Reproduction	8,663	6,070	6,505	435
25.1	Advisory and Assistance Svcs	6,746	5,317	4,504	(813)
25.2	Other Services	6,400	8,784	8,700	(84)
25.22	ADP Processing Svcs/Contr	60,045	70,697	73,731	3,034
25.23	Training/Tuition/Fees/Contr	1,972	2,767	3,216	449
25.25	Field readers	2	0	0	0
25.27	Equip Repair & Maint	1,885	742	742	0
25.3	Purch Goods/Svcs-Gov	11,313	11,152	12,789	1,637
25.33	Bldg. Alterations	1,139	1,135	1,168	33
25.4	GOCO's	1,096	879	907	28
25.5	Research & Development	279	0	0	0
	Subtotal 25	90,877	101,473	105,757	4,284
26.0	Supplies	3,591	2,230	2,059	(171)
31.2	Other Equipment & furniture	830	1,179	1,975	796
31.4	ADP Equipment	9,574	7,171	6,414	(757)
43.1	Interest and dividends	29	0	0	0
	Total Obligations	345,585	356,021 1\	369,115	13,094

1\ Excludes \$.049 million in obligations from funds carried over from 1994.

PROGRAM ADMINISTRATION

Summary of Changes
(\$ in thousands)

1995	\$356,021
1996	<u>369,115</u>
Net change	+13,094

	<u>1995 base</u>	<u>Change from base</u>
<u>Increases:</u>		
<u>Built in:</u>		
Increase in personnel compensation for annualization of the 1995 3.22 percent pay raise; proposed 1996 pay increases; within-grade increases for GS employees; career-ladder promotions and one more paid day in 1996	\$152,524	+\$5,642
Increase in benefits for the Government's share of health, retirement, and other benefits	33,771	+2,724
Increase in GSA rental payments due to rate increases for current space holdings	23,676	+1,891
Increase in postage due to annualization of the January 1995 rate increase	18,339	+474
Increase in postage due to the increased number of student financial aid reapplication forms	18,339	+396
<u>Program:</u>		
Increase in awards as incentives for reinvention efforts, performing additional work due to decreasing staff levels, and providing improved customer service, technical assistance, and monitoring	1,563	+888
Increase in travel for additional technical assistance, oversight, and accountability of Department resources	5,205	+311

PROGRAM ADMINISTRATION

Summary of Changes – Continued

	<u>1995 base</u>	<u>Change from base</u>
<u>Increases:</u>		
<u>Program:</u>		
Increase in printing costs, primarily postsecondary education outreach materials, including publications for elementary and secondary students, the <u>Student Guide</u> , and training materials	\$6,070	+\$435
Increase in contracted ADP services primarily due to partial support of a computer facility designed to centralize Title IV processing and improve customer service for student aid programs	70,697	+3,034
Increase in training to enable staff to carry out new responsibilities, improved customer services, and technical assistance	2,767	+449
Increase in the purchase of services from the Government primarily due to greater reliance on the General Services Administration to provide telecommunications services (See partial offsetting decreases in telecommunications)	11,152	+1,637
Increase in non-ADP equipment, primarily for systems furniture in regional offices, to lower the average space utilization rate per employee and thus decrease the total of space needed	1,179	+796
Small increases for overtime (\$30,000), building alterations (\$33,000), and Government-owned, contractor-operated facilities (\$28,000) (mail room, copy centers)	2,473	<u>+91</u>
Subtotal, increases		+18,768

PROGRAM ADMINISTRATION

Summary of Changes — Continued

	<u>1995 base</u>	<u>Change from base</u>
<u>Decreases:</u>		
<u>Built-in:</u>		
Decrease in severance pay due to the expiration of the "buyout" incentive payment authority in the "Federal Workforce Restructuring Act of 1994"	\$510	-\$510
<u>Program:</u>		
Decrease in compensation and benefits for the reduction in 1996 of 23 FTE	186,295	-2,651
Decrease in local telecommunication carrier charges due to greater reliance on the General Services Administration	777	-617
Decrease in advisory and assistance services primarily due to the shift of expenses related to the FB-6 building renovation to the Headquarters Building Renovation Account	5,317	-813
Decrease in supplies following the purchase of sufficient Windows software in 1995	2,230	-171
Decrease in ADP equipment following the 1995 implementation of the local area network for regional employees	7,171	-757
Small decreases in telecommunications (\$38,000), rental of ADP equipment (\$33,000), and other contracted services (\$84,000)	9,535	<u>-155</u>
Subtotal, decreases		-5,674
Net change		+13,094

PROGRAM ADMINISTRATION

Authorizing Legislation

Activity	1995 Authorized	1995 Estimate	1996 Authorized	1996 Request
Program Administration (DEOA, Section 202, 204, 205, 207, 209, and 210)	Indefinite	\$356,021,000	Indefinite	\$369,115,000

PROGRAM ADMINISTRATION

Table of Estimates and Appropriations
(\$ in 000s)

	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1987	\$295,755 ¹	\$241,692	\$234,692	\$234,692
1988	314,309 ¹	251,753	251,753	241,028
1989	255,449	249,849	258,600	255,997
1989 Rescission	—	—	—	-5,533
1990	282,446	269,946	280,646	276,946
1990 Sequester				-3,643
1991	331,000	331,000	331,000	319,266
1991 Sequester				-4
1992	306,867	294,752	280,019	291,527
1993	325,000	305,799	302,460	304,899
1994	352,008	352,008	291,921	352,008
1994 Rescission				-6,000
1995	364,905	359,358	346,008	356,021
1996	369,115			

¹ Reflected a proposal to merge the Office for Civil Rights, Office of the Inspector General, and Program Administration accounts into a Salaries and Expenses account.

PROGRAM ADMINISTRATION**Significant Items in FY 1995 Appropriations Reports****Comprehensive Early Childhood Education Centers**

House: The Committee directs the Secretaries of Education, Labor, and Health and Human Services, and other relevant agencies to convene a working group to review and evaluate the concept of developing and implementing a Federal initiative creating comprehensive early childhood family centers, with school-based siting being a specific focus, that will allow pre-school and school-aged students and their families easy access to a broad range of co-located education, health and social services. The Committee has provided \$500,000 for planning, research, and evaluation to get this project underway and directs the Secretary of Education, as the lead agency, to report its findings to all relevant committees by February 28, 1995.

Conference: The amount of \$356,021,000, provided in conference for Program Administration includes \$500,000 for the Secretaries' Task Force on Coordinated Services.

Response: Staff from the Department met with staff from the House Appropriations Committee and Representative Hoyer's staff on October 10, 1994, to discuss the issues involved in implementing this directive.

The Department has set up a working group, and the Departments of Labor and Health and Human Services have been contacted in order to jointly plan and implement the project. An interim status report will be submitted to Congress by February 28.

Hispanic Employment—Post-Buyout Plan

House: The Committee is concerned about the potential impact of buy-outs on the number of Hispanic employees at the Department. The Committee notes that less than 4 percent of the Department's employees are Hispanic and that Hispanics are largely concentrated at the lower pay grades. Accordingly, the Committee directs the Secretary to report to the Committee prior to the 1996 hearings on a post-buyout plan for filling vacancies that would ensure the increased representation of Hispanics in the Department's work force.

Response: Under its Affirmative Employment Plan, the Department provides information to managers/supervisors on recruitment strategies and special hiring authorities that have the potential of increasing the representation of Hispanic and other under represented groups. The information can be used to obtain a workforce with the best possible mix of skills while helping to increase diversity.

PROGRAM ADMINISTRATION

Congressional Inquiries—Response Policy

House: The Committee is concerned by the lack of responsiveness of the Office of the Assistant Secretary for Postsecondary Education to congressional inquiries about policy matters which must be decided in a timely fashion. In one case, a written request to the Assistant Secretary from a Member of the Committee went unanswered for almost two months. Despite repeated written and phone requests for at least an interim reply, the Assistant Secretary's Office failed to respond. The Committee considers this inexcusable and requests that the Secretary take such action as he deems appropriate to see that this situation is permanently corrected.

Response: The Department has taken steps, including clarification of procedures and standards for all employees in the Assistant Secretary's office, to ensure that all future congressional inquiries will be responded to in an appropriate and timely manner.

Office of Educational Research and Improvement—Administrative Resources

Conference: The conferees direct the Secretary to provide the Office of Educational Research and Improvement the salaries and expenses commensurate with carrying out the expanded research, development, dissemination, reform assistance and independent evaluation responsibilities contained in the reauthorization and in the directives included in the fiscal year 1995 House and Senate reports. The conferees expect the Secretary to document this in a January 1995 report required by the Committees.

Response: The Department is monitoring the administrative resource needs of the Office of Educational Research and Improvement as it assumes responsibility for these activities and will provide the appropriate resources.

Limitation on Executive Direction

Senate: The Committee directs the Department to observe strict limits in fiscal year 1995 for both budget authority and full-time equivalent employment associated with executive direction activities.

Conference: The conferees intend that funds available for executive direction, shall not exceed the lower of the amounts set forth in the budget estimates submitted to Congress for fiscal year 1995 or the amounts provided in this conference agreement.

Response: The Department is complying with the limitation placed on spending for executive direction activities at the levels provided in the conference agreement.

Initial allocations of salaries and expenses funds to Departmental offices included these amounts with the proviso that they are not to be exceeded for the year.

PROGRAM ADMINISTRATION

Program administration

(DEOA Sections 202, 204, 205, 207, 209, and 210)

1996 Authorization: Indefinite

Budget Authority (\$ in 000s):

	<u>1995</u>	<u>1996</u>	<u>Change</u>
Personnel costs	\$188,827	\$196,128	+\$7,301
Non-personnel costs	<u>167,194</u>	<u>174,716</u>	<u>+7,522</u>
Subtotal	356,021	370,844	+14,823
Proposed savings related to GI Bill for America's Workers	<u>0</u>	<u>-1,729</u>	<u>-1,729</u>
Total	356,021	369,115	13,094
FTE	3,024	3,001	-23
FTE Savings from GI Bill for America's Workers	<u>0</u>	<u>-19</u>	<u>-19</u>
Total FTE	3,024	2,982	-42

PURPOSE AND METHOD OF OPERATION

The Program Administration account provides a significant portion of the funding and staff to administer the Department's 240 programs and activities in the following program and staff offices:

Program offices:

- Office of Postsecondary education
- Office of Elementary and Secondary Education
- Office of Bilingual Education and Minority Languages Affairs
- Office of Special Education and Rehabilitative Services
- Office of Vocational and Adult Education
- Office of Educational Research and Improvement

Staff offices:

- Office of the Secretary
- Office of the Deputy Secretary
- Office of the Under Secretary
- Office of the General Counsel
- Office of Intergovernmental and Interagency Affairs
- Office of Legislation and Congressional Affairs
- Office of Management
- Office of the Chief Financial Officer
- Advisory Councils

PROGRAM ADMINISTRATION

The funding and staff to administer postsecondary education Federal credit programs are provided in those program accounts.

Funds appropriated for Program Administration provide personnel compensation and benefits for Department staff and pay for travel, rent, mail, telephones, utilities, printing, automatic data processing (ADP), contractual services, equipment, supplies, and other Departmental services.

Funding levels for the past 5 fiscal years were as follows:

(\$ in 000s)

1991.....	\$319,262
1992.....	291,527
1993.....	304,899
1994.....	346,008
1995.....	356,021

1996 BUDGET REQUEST

For presentation purposes, the administrative costs and FTE financed by the Program Administration account are included in the total costs discussed in the Salaries and Expenses Overview.

PROGRAM ADMINISTRATION

Full-time Equivalent Employment (Staff Years)

OFFICE	1994	1995	1996	Change from 1995
Postsecondary Education	656	675	665	(10)
Elementary and Secondary Education	213	240	246	6
Bilingual Education and Minority Language Affairs	42	46	46	0
Special Education and Rehab. Services	388	402	388	(14)
Vocational and Adult Education a/	99	113	112	(1)
Educational Research and Improvement	406	403	394	(9)
Secretary	110	103	105	2
Deputy Secretary	20	21	22	1
Under Secretary	125	135	131	(4)
General Counsel	102	111	109	(2)
Intergovernmental/Interagency	100	101	106	5
Legislation and Congressional Affairs	22	24	25	1
Management	322	317	306	(11)
Chief Financial Officer	304	325	319	(6)
Advisory Councils b/	9	8	8	0
Total	2,918	3,024	2,982	(42)

a/ Excludes 2 FTE funded by the Appalachian Regional Commission.

b/ Excludes 3 FTE funded from the School Improvement Programs account.

PROGRAM ADMINISTRATION**Summary of Budget Authority**
(in thousands of dollars)

OFFICE	1994	1995	1996	Change from 1995
Postsecondary Education	\$98,840	\$89,936	\$93,069	\$3,133
Elementary and Secondary Education	15,016	16,554	17,691	1,137
Bilingual Education and Minority Language Affairs	2,905	3,102	3,258	156
Special Education and Rehab. Services	27,411	27,848	28,367	519
Vocational and Adult Education	7,301	7,587	7,881	294
Educational Research and Improvement	32,071	31,209	31,908	699
Secretary	8,585	8,248	8,896	648
Deputy Secretary	1,580	1,849	1,795	(54)
Under Secretary	13,795	14,966	15,246	280
General Counsel	8,116	8,799	9,393	594
Intergovernmental/Interagency	8,341	9,196	9,434	238
Legislation and Congressional Affairs	1,503	1,747	1,911	164
Management	23,299	23,394	23,914	520
Central ADP Services	18,855	20,171	18,476	(1,695)
Common Support Expenses	49,695	56,277	59,643	3,366
Chief Financial Officer	27,122	34,050	37,051	3,001
Advisory Councils	1,038	1,088	1,182	94
Lapse	535			
Total Budget Authority	346,008	356,021	369,115	13,094

Advisory Councils and Committees Funded from the Program Administration Account

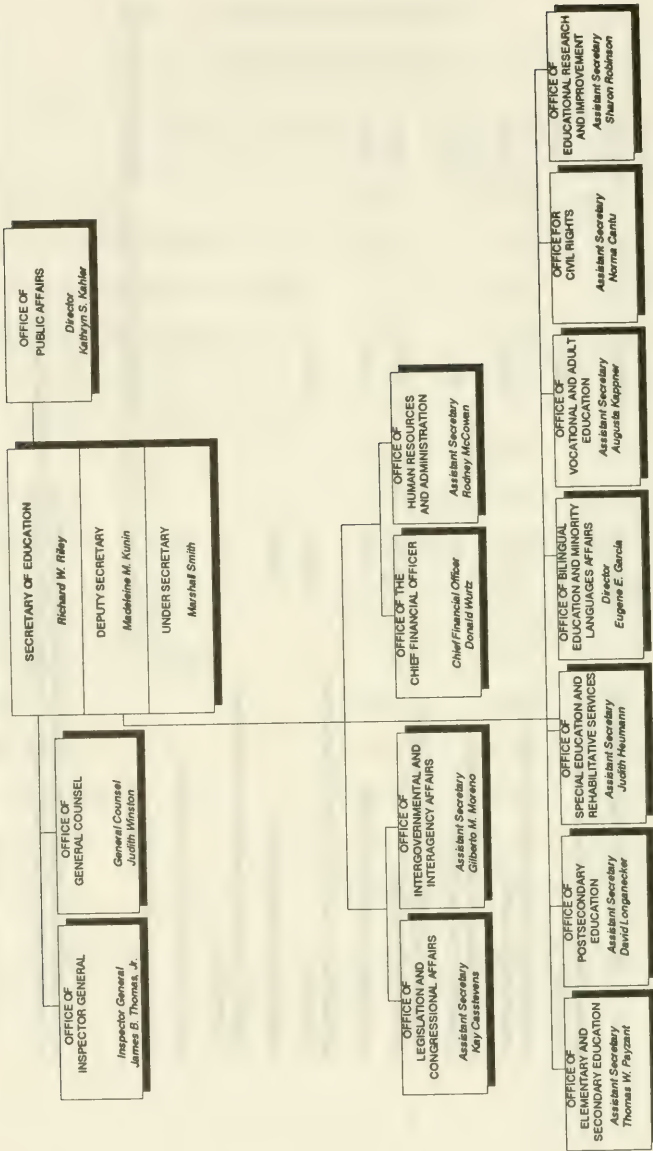
	1994	1994 FTE	1995	1995 FTE	1996 President's Budget	1996 FTE
Advisory Committee on Student Financial Assistance	\$656,000	6	\$750,000	6	\$750,000	6
National Advisory Committee on Institutional Quality and Integrity	27,000		65,000		73,000	
National Board of the Fund for the Improvement of Postsecondary Education	32,000		65,000		73,000	
President's Advisory Commission on Educational Excellence for Hispanic Americans	17,000		65,000		158,000	
President's Board of Advisors on Historically Black Colleges and Universities	16,000		65,000		73,000	
Advisory Council on Education Statistics	16,000		55,000		55,000	
National Advisory Council on Educational Research and Improvement	265,000	2	23,000		0	
National Education Goals Panel a/	8,000				0	
Fund for the Improvement and Reform of Schools and Teaching Board	1,000		0		0	
National Commission on Time and Learning	b/		0		0	
Members' Usage--All Councils		1		2		2
	1,036,000	9	1,088,000	8	1,182,000	8

a/ The National Education Goals Panel became an independent agency on 7/1/94.

b/ Funded from other accounts. NECTL used 3 FTE in 1994, which are not included in the Advisory Council total.

NOTE: Does not include FTE for the National Educational Research Policy and Priorities Board, which will be established in 1995 and funded from the Research appropriation.

U.S. DEPARTMENT OF EDUCATION ORGANIZATIONAL CHART



Department of Education**OFFICE FOR CIVIL RIGHTS****Fiscal Year 1996 Budget Request****CONTENTS**

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OFFICE FOR CIVIL RIGHTS

For expenses necessary for the Office for Civil Rights, as authorized by section 203 of the Department of Education Organization Act, [\$58,325,000] \$62,784,000. (*Department of Education Appropriations Act, 1995.*)

OFFICE FOR CIVIL RIGHTS

Amounts Available for Obligation
(\$ in 000s)

	1994	1995	1996
<u>Current authority:</u>			
Annual appropriation	\$56,570	\$58,325	\$62,784
Unobligated balance expiring	<u>-116</u>	<u>0</u>	<u>0</u>
Total obligations	56,454	58,325	62,784

OFFICE FOR CIVIL RIGHTS

Obligations by Object
(\$ in 000s)

		1994	1995	1996	Change from 1995 to 1996
11.1	Full-time permanent	\$37,038	\$38,096	\$39,077	\$981
11.31	Full-time temporary	539	518	490	(28)
11.3A	Part-time	557	784	784	0
11.33	Consultants	0	49	49	0
11.5	Overtime	10	20	20	0
11.5	Awards	393	393	393	0
11.8	Other Compensation	0	0	0	0
	Compensation subtotal	38,537	39,860	40,813	953
12.0	Benefits	7,530	8,952	9,527	575
13.1	Benefits for Former Personnel	1,360	91	0	(91)
	Comp/benefits subtotal	47,427	48,903	50,340	1,437
21.0	Travel	843	1,034	1,068	34
22.0	Transportation of things	12	11	11	0
23.1	Rental payments to GSA	3,402	4,121	4,156	35
23.3	Communications	1	248	248	0
23.31	ADP/Telecom Rentals/Misc	217	321	358	37
23.33	Postage/fees	510	500	500	0
	Subtotal 23	4,130	5,190	5,262	72
24.0	Printing & Reproduction	67	50	50	0
25.1	Advisory & Assistance Svcs.	0	0	0	0
25.2	Other Services	354	254	296	42
25.22	ADP Processing Svcs/Contr	203	433	2,022	1,589
25.23	Training/Tuition/Fees/Contr	274	262	451	189
25.25	Field readers	0	0	0	0
25.27	Equip Repair & Maint	580	148	148	0
25.3	Purch Goods/Svcs-Gov	2,084	1,637	1,571	(66)
25.33	Building Alterations	0	0	0	0
25.4	GOCO's	0	0	0	0
	Subtotal 25	3,495	2,734	4,488	1,754
26.0	Supplies	345	345	345	0
31.2	Other Equipment & furniture	96	23	239	216
31.4	ADP Equipment	39	35	981	946
43.1	Interest and dividends	0	0	0	0
	Total Obligations	56,454	58,325	62,784	4,459

OFFICE FOR CIVIL RIGHTS

Summary of Changes
(\$ in 000s)

1995	\$58,325
1996	<u>62,784</u>
Net change	+4,459

	<u>1995 base</u>	<u>Change from base</u>
<u>Increases:</u>		
<u>Built in:</u>		
Increase in personnel compensation for annualization of the 3.22 percent 1995 pay raise costs, proposed 1996 pay raise costs, within-grade increases for GS employees; career ladder promotions; and one additional paid day in 1996	\$39,860	+\$1,494
Increase in benefits for the Government's share of health, retirement and other benefits	9,043	+672
Increase in rental payments, due to GSA rate increases	4,121	+35
<u>Program:</u>		
Increase in ADP processing services/contracts to cover computer processing costs for data collection and to support studies/reports and surveys used to monitor and pinpoint areas of civil rights compliance activity	433	+1,589
Increase in other services to support Department overhead contracts that provide payroll processing, administrative payments, and interpreters	254	+42
Increase in training primarily for regional staff to improve technology skills and retraining of current staff in support of the office's restructuring efforts	262	+189
Increase in ADP equipment to complete the purchase of personal computers, for LAN installation, and upgrades in technology to provide headquarters and the regions with up-to-date technology	35	+946

OFFICE FOR CIVIL RIGHTS

Summary of Changes – Continued

	<u>1995 base</u>	<u>Change from base</u>
<u>Increases:</u>		
<u>Program:</u>		
Increase in other equipment and furniture for systems furniture for regional offices in Philadelphia and Atlanta to support regional office moves and space reduction plans	\$23	+\$216
Minor increases in travel and ADP/telecom rentals to cover costs for inflation	1,355	<u>+71</u>
Subtotal, increases		+5,254
<u>Decreases:</u>		
<u>Built in:</u>		
Decrease in benefits for former personnel reflecting expiration in March 1995 of the authority for Voluntary Separation Incentive Payments	91	-91
<u>Program:</u>		
Decrease in compensation and benefits for the reduction in 1996 of 9 FTE from the 1995 funded ceiling	48,903	-638
Decrease in the purchase of goods/services from other agencies primarily due to anticipated reduction in GSA telecommunications charges	1,637	<u>-66</u>
Subtotal, decreases		-795
Net change		+4,459

OFFICE FOR CIVIL RIGHTS

Authorizing Legislation

Activity	1995 Authorized	1995 Estimate	1996 Authorized	1996 Request
Civil rights (DEOA, Section 203)	Indefinite	\$58,325,000	Indefinite	\$62,784,000

OFFICE FOR CIVIL RIGHTS

Table of Estimates and Appropriations
(\$ in 000s)

	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1987	(\$38,185) ¹	\$38,185	\$44,000	\$43,000
1988	(42,676) ¹	42,333	42,333	40,530
1989	41,341	41,341	41,341	40,845
1989 Supplemental	—	—	790	790
1990	45,178	45,178	45,178	45,178
1990 Sequester	—	—	—	-606
1991	49,900	49,900	50,900	48,405 ²
1992	56,000	54,400	50,965	53,625
1993	61,400	56,857	56,237	56,402
1994	56,570	56,570	56,570	56,570
1995	61,457	58,325	58,325	58,325
1996	62,784			

¹ Requested in a merged Salaries and Expenses account.

² Amount does not reflect \$629 sequester.

OFFICE FOR CIVIL RIGHTS

Significant Items in FY 1995 Appropriations Reports**OCR Full-Time Equivalent and Budget Authority Limits**

- Senate:** The Committee recommendation includes and limits the OCR to \$500,000 in budget authority and six full time-equivalent employees for the purposes of executive direction, which includes policy direction, intergovernmental relations, public affairs, and congressional affairs. The OCR may not exceed this limit without the approval of the Committee.
- Conference:** The Conferees intend that funds for executive direction shall not exceed the lower of the amounts set forth in the budget estimates submitted to Congress for fiscal year 1995 or the amounts provided in the conference agreement.
- Response:** The Department does not budget specifically for these activities. However, the OCR plans to comply with the limitation placed on spending for executive direction activities at the levels provided in the conference agreement.

OFFICE FOR CIVIL RIGHTS

Office for Civil rights
(DEOA, Section 203)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority (\$ in 000s):

	<u>1995</u>	<u>1996</u>	<u>Change</u>
Personnel costs	\$48,903	\$50,340	+\$1,437
Non-personnel costs	<u>9,422</u>	<u>12,444</u>	<u>+3,022</u>
Total	58,325	62,784	+4,459
FTE	833	824	-9

PURPOSE AND METHOD OF OPERATION

The Office for Civil Rights (OCR) is responsible for enforcing the following statutes and their implementing regulations that prohibit discrimination on the basis of race, color, national origin, sex, disability, and age in all programs and institutions that receive funds from the Department:

- o Title VI of the Civil Rights Act of 1964 (prohibiting race, color, and national origin discrimination),
- o Title IX of the Education Amendments of 1972 (prohibiting sex discrimination),
- o Section 504 of the Rehabilitation Act of 1973 (prohibiting discrimination on the basis of disability),
- o the Age Discrimination Act of 1975 (prohibiting age discrimination), and
- o the Americans with Disabilities Act of 1990 (prohibiting discrimination on the basis of disability).

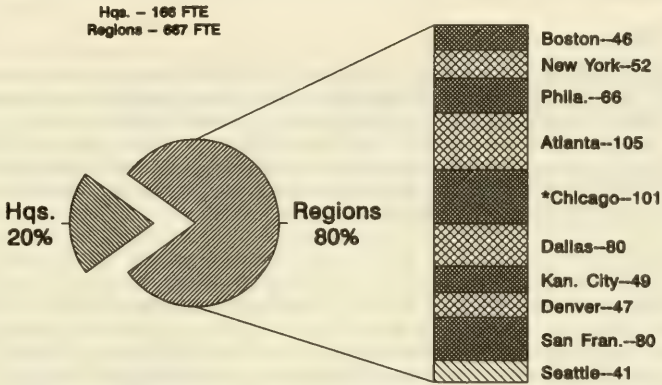
In addition, OCR helps implement civil rights provisions in Title V, Part A, of the Elementary and Secondary Education Act (the Magnet Schools Assistance program). These civil rights laws extend to a wide range of Federal recipients and beneficiaries, including 52 State educational agencies; over 15,000 local educational agencies; about 7,500 postsecondary institutions, including proprietary schools and community colleges; 52 State rehabilitation agencies and their subrecipients; as well as other institutions that receive Federal funds, such as libraries; and provides technical assistance to award recipients, beneficiaries, the public, and other organizations in an attempt to obtain voluntary compliance with civil rights laws. OCR also provides information to the public on its activities, including assistance on how to file complaints.

As shown in the chart below, the majority of OCR's staff (approximately 80 percent) is assigned to 10 regional offices, plus one field office in Cleveland. Regional staff investigate

OFFICE FOR CIVIL RIGHTS

complaints, conduct compliance reviews, and provide technical assistance to beneficiaries of Federal education programs. Headquarters staff develop and disseminate policy and technical assistance materials, develop and maintain automated case tracking systems, and provide a range of other management and support activities.

FY 1995 Headquarters/Regional Staff



*Chicago Region Includes Cleveland

Funding levels for the past 5 fiscal years were as follows:

	(\$ in 000s)
1991.....	\$48,404
1992.....	53,625
1993.....	56,402
1994.....	56,570
1995.....	58,325

OFFICE FOR CIVIL RIGHTS

1996 BUDGET REQUEST

The budget request for OCR is \$62.784 million, an increase of \$4.459 million over the 1995 level of \$58.325 million. Approximately 80 percent, or \$50.340 million, of the amount requested for 1996 is for personnel compensation and benefits to support a proposed staffing level of 824 FTE, 9 fewer than in 1995. The remaining 20 percent, or \$12.444 million, is for non-personnel costs for essential expenses for the initiation and resolution of compliance reviews, the investigation and resolution of complaints, the monitoring and tracking of both compliance reviews and complaints, and for OCR's share of the Department's centralized services such as mail and rent to GSA.

Personnel Costs

The request for personnel compensation and benefits of \$50.340 million is a net increase of \$1.437 million over the 1995 level of \$48.903 million. The savings resulting from the decrease of 9 FTE is offset by additional costs for annualization of the 1995 3.22 percent pay adjustment, proposed 1996 pay increases, within-grade increases, career ladder promotions, and one additional paid day. The increase also covers higher benefits costs, which are increasing at a faster rate than personnel compensation costs, primarily for employees covered by the Federal Employees' Retirement System (FERS).

Management Support

The request for non-personnel costs of \$12.444 million is a net increase of \$3.022 million over the 1995 level of \$9.422 million. Of this amount, \$4.095 million is for program support and \$8.349 million is for Departmental centralized services. Of the \$4.095 million requested for program support, \$1.152 million will be used for contractual services to maintain ongoing support for the Fall Enrollment Compliance Report, Data Analysis and Advisory Assistance Services and Westlaw procurements, and the Elementary and Secondary School Civil Rights Survey, which enable OCR to select sites for compliance reviews in high-priority areas; maintain ongoing data collection projects; and provide support for travel to investigate, monitor, and track complaints and perform compliance reviews. The data obtained from OCR's reports and surveys are also routinely requested and used by other parts of the Department, advocacy groups, and other Federal agencies.

Other non-personnel costs that will support OCR's management initiatives include: training (\$291,000) of staff in headquarters and the regions in improved technology and for new assignments resulting from proposed restructuring and a more streamlined organizational profile; non-ADP equipment (\$216,000) to purchase systems furniture and to cover renovation charges required for regional office moves and/or space reductions planned in Philadelphia and Atlanta; and ADP equipment (\$956,000) for purchases of personal computers (PCs), upgraded PCs, printers and file servers, and to enable OCR to continue integrating the regional offices with the Department's Local Area Network/Wide Area Network.

An increase of \$494,000 is requested to fund OCR's share of Department-wide overhead costs, totaling \$8.349 million in 1996, primarily for rent (\$4.156 million), ADP processing services and contracts (\$870,000), and interagency agreements (\$1.486 million) for administrative services provided by other Federal agencies.

OFFICE FOR CIVIL RIGHTS

Program Management

Although the amount and complexity of OCR's workload is increasing, the proposed 1996 FTE level is below the 1995 level as reflected in the Department's approved streamlining plan. In light of fewer staff, OCR is beginning implementation of its redeployment plan for 1996 through 1999 to improve productivity. The plan reflects how OCR will deliver a stronger civil rights enforcement program, focus energy on internal and external customer service through the creation of a customer service and information work group, reduce formal layers of review from as many as 16 to no more than 2—and in many cases 1 or more—and redeploy the maximum number of staff to program activities, while maintaining the highest quality in critical support functions.

With full implementation of the redeployment plan and the use of non-supervisory work group leaders, OCR plans to achieve a supervisor to staff ratio of 1:18. Over 85 percent of OCR's staff will be deployed to civil rights program work while less than 15 percent of the staff will be deployed in critical management or support services work groups.

To provide improved service and responsiveness to its customers, OCR has streamlined the complaint resolution process. OCR's staff is focusing on areas that will have the most impact, eliminating practices and procedures that impede fulfillment of its mission, and investing in training and technology that will improve organizational performance. In 1994, the New York regional office won the "Heroes of Reinvention" Hammer Award because of a significant staff restructuring that removed supervisory layers and combined more efficiently the skills of legal, administrative, and investigative personnel.

OCR has identified specific goals that indicate its commitment to improve service and responsiveness to its customers through vigorous enforcement of civil rights. These goals are: 1) impacting on students' lives; 2) empowering students and parents; and 3) investing in people (i.e., OCR's staff). OCR performs a variety of activities that enable it to assess progress in accomplishing these goals: conducting complaint investigations and compliance reviews, providing technical assistance, conducting surveys for data collection and identification of potential compliance review sites, and monitoring to ensure compliance with corrective action plans by educational institutions. Effectiveness in achieving its goals can be determined through empowerment of students and their parents, the degree to which equal access is provided to all students, and continued investment in staff development.

OCR's compliance and enforcement responsibilities that help it to achieve its goals can be classified according to the following major categories:

- o complaint investigations—investigating complaints of discrimination and carrying out other types of investigations in a prompt manner;
- o compliance review investigations—selecting sites, based on survey data and other indicators, where there are potential problems of compliance with civil rights laws;
- o corrective action plan monitoring—issuing letters of findings and corrective action violation letters of findings resulting from complaint investigations and compliance review investigations completed. OCR staff monitor each of the corrective action plans to ensure all parts of each plan have been implemented as agreed;

OFFICE FOR CIVIL RIGHTS

-
- o enforcement activities—instituting administrative enforcement proceedings before an administrative law judge or referring the case to the Department of Justice for the initiation of court action if a recipient fails to complete its resolution agreement or is found in violation of the law and voluntary compliance cannot be achieved;
 - o technical assistance activities—providing information and other services designed to inform beneficiaries of Federal education programs of their rights to facilitate voluntary compliance with civil rights laws. OCR also initiates outreach efforts with recipients and beneficiaries to address recurring compliance problems and unique regional needs; and
 - o memoranda of understanding—issuing formal agreements with State education and human rights agencies designed to facilitate meeting mutual civil rights compliance objectives.

In addition to these responsibilities, OCR staff respond to voluminous Freedom of Information Act requests and to congressional inquiries related to specific cases. OCR must also periodically respond to extensive data requests by congressional oversight committees and the General Accounting Office on a range of program operation and enforcement issues.

In 1996 OCR plans to continue its move from a reactive system of almost exclusively responding to complaints to a balanced enforcement approach that targets resources for maximum impact. To do this, OCR has identified priority areas where it will focus staff and fiscal resources. The priority areas include:

- o possible discrimination in admissions/testing/assessment;
- o over-representation of minorities in special education and low-track courses;
- o under-representation of women, girls, and minorities in math and science and other high-track courses;
- o access to programs for limited English proficient students;
- o racial and sexual harassment;
- o gender equity in athletics; and
- o higher education and elementary and secondary school desegregation.

OCR is planning to devote a minimum of 40 percent of its available FTE resources to these priority issues in 1996 to conduct high-impact compliance reviews and target technical assistance activities. During 1995 and in 1996, OCR plans to initiate 200 compliance reviews, the majority of which will focus on these high-priority areas.

OFFICE FOR CIVIL RIGHTS

In the last year, OCR implemented a number of initiatives to make its Strategic Plan a reality, including:

- o in December 1993, issuance of a new Complaint Resolution Manual that provides more efficient and effective service to complainants and frees substantial regional staff resources;
- o in January 1994, development and implementation of an automated Case Information System that simplifies out-dated systems and provides regional offices with direct access to their data;
- o between March and May of 1994, development and implementation of an Operational Planning System that enables each component to translate strategic plan objectives into concrete action plans and facilitate the most effective allocation of agency resources;
- o in March 1994, initiation of a nationwide Complaint Resolution and Investigative Skills Seminar for almost all OCR regional staff and many headquarters staff; and
- o effective coordination with the Department of Justice and with other civil rights agencies in joint enforcement activities.

The management initiatives implemented by OCR will enable the Office to keep the complaint closure rate relatively stable despite the rising number of complaints received and the decreasing staffing levels.

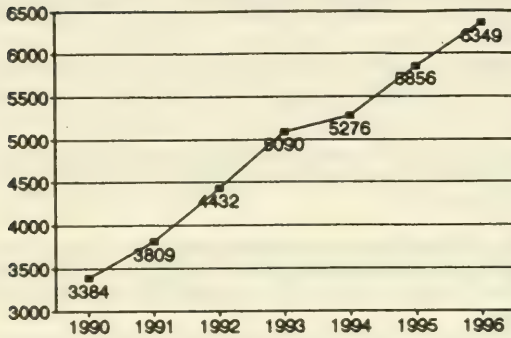
IMPACT DATA

	1994	1995	1996
Complaints received	5,276	5,856	6,349
Prior complaints	2,429	1,983	N/A
Compliance reviews closed	88	65	N/A
Compliance reviews started	144	200	200

OFFICE FOR CIVIL RIGHTS

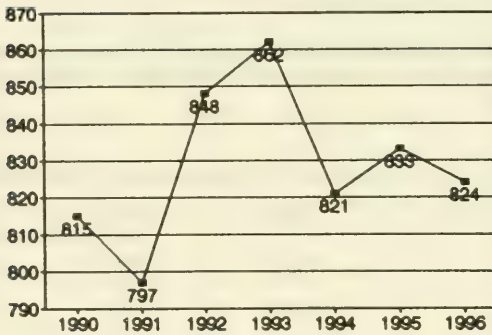
COMPLAINT RECEIPTS

FY 1990 - FY 1996



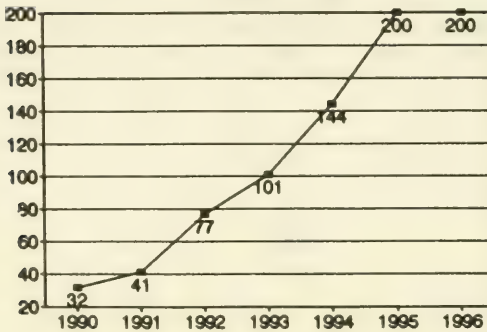
FTE USAGE

FY 1990 - FY 1996

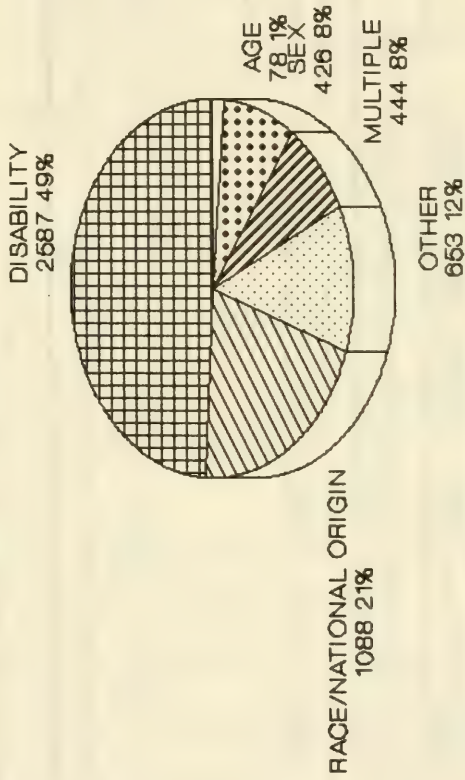


COMPLIANCE REVIEW STARTS

FY 1990 - FY 1996



COMPLAINT RECEIPTS BY CATEGORY Fiscal Year 1994

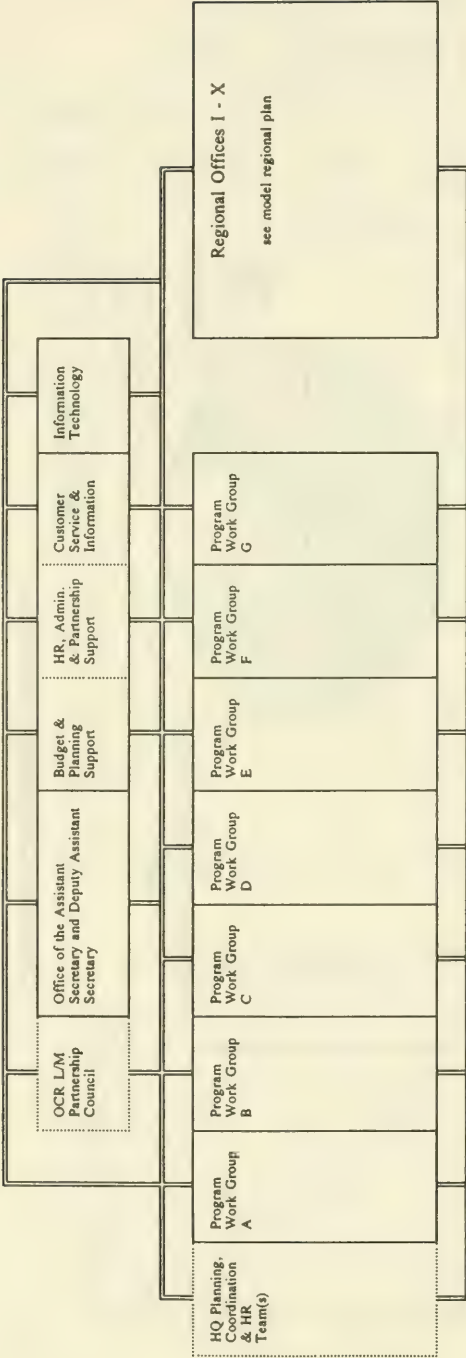


Office for Civil Rights, 12/23/94

Office for Civil Rights

DRAFT September 23, 1994

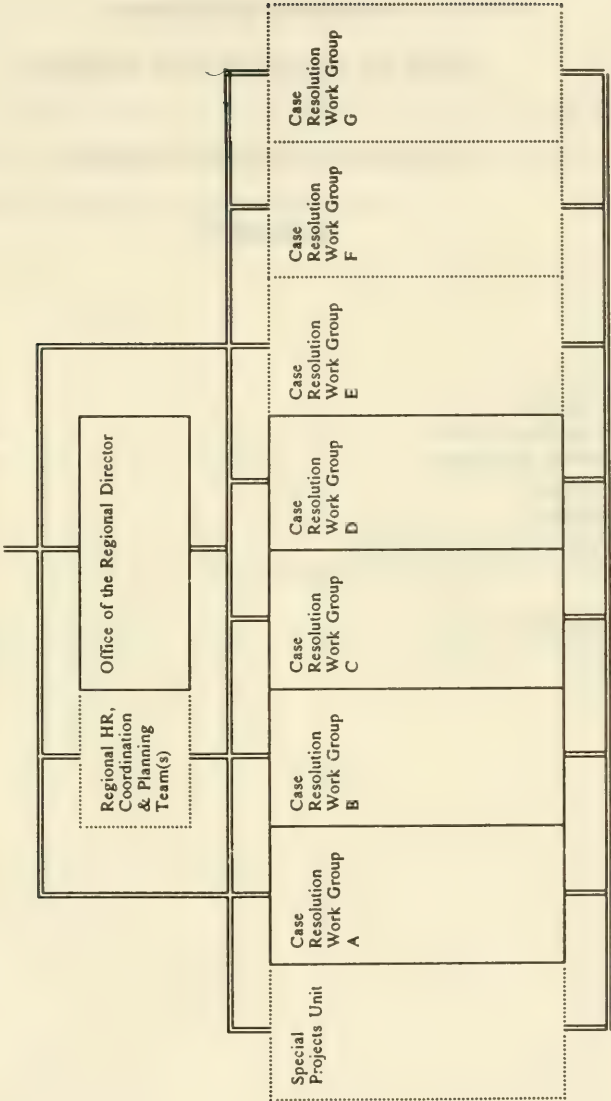
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Work groups will be organized around statutes (e.g., Section 504) or specific priority issues (e.g., testing and assessment)

Model Regional Office Plan

DRAFT September 23, 1994



Department of Education
OFFICE OF THE INSPECTOR GENERAL

Fiscal Year 1996 Budget Request

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OFFICE OF THE INSPECTOR GENERAL

For expenses necessary for the Office of the Inspector General, as authorized by section 212 of the Department of Education Organization Act, [\$30,437,000] \$34,066,000.
(*Department of Education Appropriations Act, 1995*)

OFFICE OF THE INSPECTOR GENERAL

Amounts Available for Obligation
(\$ in 000s)

	1994	1995	1996
<u>Current authority:</u>			
Annual appropriation	\$28,840	\$30,437	\$34,066
<u>Permanent authority:</u>			
Spending authority from offsetting collections from: Federal funds, administrative services	<u>82</u>	<u>86</u>	<u>0</u>
Subtotal, gross budget authority	28,922	30,523	34,066
Unobligated balance expiring	<u>-89</u>	<u>0</u>	<u>0</u>
Total obligations	28,833 ¹	30,523 ¹	34,066

¹ Includes \$82 thousand for reimbursable activities in 1994 and \$86 thousand for reimbursable activities in 1995.

OFFICE OF THE INSPECTOR GENERAL

Obligations by Object
(in thousands of dollars)

		1994	1995	1996	Change from 1995 to 1996
11.1	Full-time permanent	\$18,050	\$18,990	\$20,362	\$1,372
11.31	Full-time temporary	163	123	126	3
11.3A	Part-time	72	80	82	2
11.33	Consultants	4	5	5	0
11.5	Overtime	6	0	0	0
11.5	Awards	153	160	160	0
11.8	Other Compensation	0	0	0	0
	Compensation subtotal	18,448	19,358	20,735	1,377
12.0	Benefits	3,878	4,431	4,955	524
13.1	Benefits for Former Personnel	376	122	0	(122)
	Comp/benefits subtotal	22,702	23,911	25,690	1,779
21.0	Travel	1,563	1,645	1,681	36
22.0	Transportation of things	28	18	18	0
23.1	Rental payments to GSA	1,998	2,018	2,062	44
23.3	Communications	30	100	112	12
23.31	ADP/Telecom Rentals/Misc	101	152	162	10
23.33	Postage/fees	122	128	128	0
	Subtotal 23	2,251	2,398	2,464	66
24.0	Printing & Reproduction	43	40	45	5
25.1	Advisory & Assistance Svcs.	0	0	1,600	1,600
25.2	Other Services	146	131	146	15
25.22	ADP Processing Svcs/Contr	104	214	527	313
25.23	Training/Tuition/Fees/Contr	295	415	415	0
25.25	Field readers	0	0	0	0
25.27	Equip Repair & Maint	63	140	150	10
25.3	Purch Goods/Svcs-Gov	956	854	759	(95)
25.33	Building Alterations	9	25	25	0
	Subtotal 25	1,573	1,779	3,622	1,843
26.0	Supplies	309	219	250	31
31.2	Other Equipment & Furniture	69	56	56	0
31.4	ADP Equipment	213	371	240	(131)
43.1	Interest and Dividends				
	Total Obligations	28,751	30,437	34,066	3,629

OFFICE OF THE INSPECTOR GENERAL

Summary of Changes
(\$ in 000s)

1995	\$30,437
1996	<u>34,066</u>
Net change	+3,629

	<u>1995 Base</u>	<u>Change from base</u>
<u>Increases:</u>		
<u>Built in:</u>		
Increase in personnel compensation for annualization of the 3.22 percent 1995 pay raise costs and the special 25 percent availability pay raise for investigators; proposed 1996 pay raise costs; within-grade increases for GS employees; career-ladder promotions; plus one additional paid day in 1996	\$19,358	+\$1,649
Increase in costs for the Government's share of health, retirement and other benefits	4,431	+590
Increase in rent due to GSA rate increases	2,018	+44
<u>Program:</u>		
Increase in ADP processing services/contracts to cover central computer processing costs and system maintenance to analyze large data audit files	214	+313
Increase in advisory and assistance service contracts with independent public accountants for audits of (1) the Department's financial statements required under the 1994 Government Management Reform Act and (2) the Direct Student Loan program	0	+1,600
Minor increases, primarily for inflation, in travel, communications, ADP/telecom rentals, printing and other contractual services	2,452	<u>+119</u>
Subtotal, increases		+4,315

OFFICE OF THE INSPECTOR GENERAL

Summary of Changes - continued

	<u>1995 Base</u>	<u>Change from base</u>
<u>Decreases:</u>		
<u>Built in:</u>		
Decrease in benefits for former personnel reflecting the expiration in March 1995 of the authority for the Voluntary Separation Incentive payments ("buyouts").	\$122	-\$122
<u>Program:</u>		
Decrease in compensation and benefits for the reduction in 1996 of 5 FTE	23,789	-338
Decrease in the purchase of goods/services from other agencies primarily due to an anticipated reduction in GSA tele- communications charges	854	-95
Decrease in ADP equipment	371	-131
Subtotal, decreases		-686
Net change		+3,629

OFFICE OF THE INSPECTOR GENERAL

Authorizing Legislation

Activity	1995 Authorized	1995 Estimate	1996 Authorized	1996 Request
Inspector General (DEOA, section 212)	Indefinite	\$30,437,000	Indefinite	\$34,066,000

OFFICE OF THE INSPECTOR GENERAL

Table of Estimates and Appropriations
(\$ in 000s)

	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1987	(\$16,378) ¹	\$16,378	\$16,378	\$16,378
1988	(18,495) ¹	18,341	18,341	17,560
1989	17,911	17,911	18,400	18,179
1989 Supplemental	—	—	440	440
1990	22,000	22,000	23,381	23,381
1990 Sequester				-271
1991	25,800	25,800	25,800	24,836 ²
1992	28,521	26,232	26,157	26,260
1993	31,700	28,652	31,354	29,262
1994	28,840	28,840	28,840	28,840
1995	31,675	29,199	31,675	30,437
1996	34,066			

¹ Requested in a merged Salaries and Expenses

² Amount reflects a \$323 sequester.

OFFICE OF THE INSPECTOR GENERAL

Significant Items in FY 1995 Appropriations Reports**OIG Full-Time Equivalent and Budget Authority Limits**

- Senate:** The Committee recommendation includes and limits the OIG to \$100,000 in budget authority and one full-time equivalent employee for the purposes of executive direction, which includes policy direction, intergovernmental relations, public affairs, and congressional affairs. The OIG may not exceed this limit without the approval of the Committee.
- Conference:** The Conferees intend that funds for executive direction shall not exceed the lower of the amounts set forth in the budget estimates submitted to Congress for fiscal year 1995 or the amounts provided in the conference agreement.
- Response:** The OIG plans to comply with the limitation placed on spending for executive direction activities at the level provided in the conference agreement.

OFFICE OF THE INSPECTOR GENERAL

Inspector General

(DEOA, section 212)

1996 Authorization (\$ in 000s): Indefinite

Budget Authority: (\$ in 000s)

	<u>1995</u>	<u>1996</u>	<u>Change</u>
Personnel costs	\$23,911	\$25,690	+\$1,779
Non-personnel costs	<u>6,526</u>	<u>8,376</u>	<u>+1,850</u>
Total	30,437	34,066	+3,629
FTE	365	360	-5

PURPOSE AND METHOD OF OPERATION

The Office of the Inspector General (OIG) has authority to inquire into all program and administrative activities of the Department and related activities of all parties performing under contracts, grants, or other agreements with the Department. These inquiries are made by staff both in headquarters and the regional offices, or by contracted auditors.

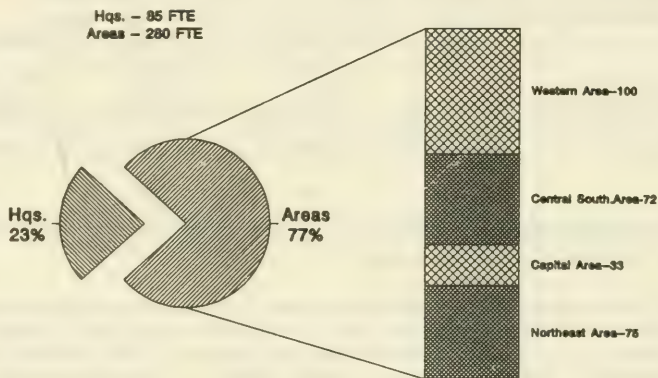
To carry out the OIG's responsibilities, audits of Department programs and operations are conducted to determine compliance with applicable laws and regulations, economy and efficiency of operations, and/or effectiveness in achieving program goals. Inspections, which combine the skills of auditors and investigators, are made of entities where there is indication of significant abuse that warrants recommendation of prompt cut-off of funds. Investigations also are conducted regarding allegations of fraud on the part of recipients of program funds and of employee misconduct involving the Department's programs and operations.

In addition, the OIG operates a hotline (1-800-MISUSED) to which anyone may call to report fraud, waste, or abuse involving Department of Education funds or programs, or to make suggestions for saving Federal funds and for ways Federal services could be more effective.

The OIG is in the process of reorganizing its 10 regional and 11 field offices into four areas: The Northeast Area (includes Region I, II, III and the Division of Headquarters Operations); Capital Area (includes Headquarters Audit Region and Accounting, Financial Management staff); Central Southern Area (includes Regions IV and V); and the Western Area (includes Regions VI, VII, IX, X). As shown in the chart below, the majority of OIG's staff (approximately 77 percent) is assigned to the four Areas where they conduct investigations, audits, and most of the other activities noted above. Headquarters staff provide policy guidance and technical assistance to field personnel, develop and maintain automated tracking systems, and provide a range of other management and support activities.

OFFICE OF THE INSPECTOR GENERAL

FY 1995 Headquarters/Areas Staff



Northeast Area Includes: Regions I, II, III & Div. of Hqs. Ops.
Capital Area Includes: Hqs. Audit Region & Acctg./Personnel Mgmt. Staff
Central Southern Area Includes: Regions IV & V; Western Area Includes: Regions VI, VII, IX, X

Funding levels for the past 5 fiscal years were as follows:

(\$ in 000s)

1991.....	\$24,836
1992.....	26,260
1993.....	29,262
1994.....	28,840
1995.....	30,437

1996 BUDGET REQUEST

For the Office of the Inspector General, \$34.1 million is requested in 1996, which is \$3.6 million more than in 1995. Approximately 75 percent of the costs in 1996, or \$25.7 million, is for personnel compensation and benefits to support a proposed staffing level of 360 FTE. Of the \$8.4 million for non-personnel costs, nearly one-half (45 percent) or \$3.8 million, is for OIG's share of Department-wide centralized services, such as rent, postage/fees, telecommunications and payroll processing.

OFFICE OF THE INSPECTOR GENERAL

Staffing and Personnel Costs:

OIG's proposed staffing level of 360 FTE is 5 FTE lower than the 1995 level. This FTE reduction supports the Department's overall streamlining efforts as outlined in its streamlining plan approved by OMB.

The OIG requests \$25.690 million in personnel compensation and benefits, a net increase of \$1.779 million, to support its proposed staffing level. Of the total increase, \$524,000 or 29 percent, covers higher benefits costs. Approximately \$1.2 million, or 67 percent, covers special law enforcement availability pay raise increases (required by the Treasury, Postal Service and General Government Appropriations Act, 1995, P.L. 103-329) to be paid to investigators who are generally required to be accessible during hours that are not part of the regular work week. The intent of the pay increase is to ensure the availability of the investigators for all hours of duty in excess of a 40-hour work week.

Management Support

The 1996 request for non-personnel costs is \$8.376 million, \$1.850 million or 28 percent above 1995. Approximately \$1.5 million or 81 percent of the requested increase is for an advisory and assistance service contract with independent public accountants for the performance of audits of the Department's financial statements as required by the 1994 Government Management Reform Act (GMRA). The non-personnel request includes \$3.836 million, an increase of \$169,000 over the 1995 level, to cover OIG's share of the Department's centralized services. Other increases, primarily for rent (\$44,000) and ADP services and contracts (\$313,000), are partially offset by anticipated decreases in GSA telecommunications charges (\$95,000).

Streamlining and Strategic Planning

In response to increasing workload and decreasing staff levels, OIG will continue taking advantage of cost-saving opportunities through reinvention and restructuring efforts, more efficient and effective management practices, and staff streamlining and organization realignment efforts. Specifically, OIG is designing a new, flatter organizational structure which will facilitate decision-making, eliminate layers, and increase the ratio of supervisors to non-supervisors from 1:6 to 1:12 by 1999. It will reduce OIG's hierarchy, and further its use of self-directed work teams to provide employees with opportunities to improve their work and work products and to identify and eliminate unneeded controls. OIG's long-term plan is to continue to streamline its operations and work toward an FTE level of 340 by 1999.

The OIG will continue to use strategic planning to accomplish its mission. In 1996, the Office will focus on objectives and strategies to bring about the following four goals identified in its strategic plan:

- o improving program delivery and program effectiveness;

OFFICE OF THE INSPECTOR GENERAL

- o strengthening integrity in Departmental programs and operations by making recommendations resulting from its activities to detect and prevent significant abuses and systemic weaknesses;
- o promoting improvement and integrity in Federal education programs through partnerships with Federal, State and local agencies and other organizations; and
- o striving for continuous improvement in its leadership and operations, and responsiveness to internal and external customers by being an independent, forward-thinking, high performance organization.

Program Management

Work by OIG staff has yielded significant monetary, programmatic, and administrative benefits for the Department's programs. Audits, investigations, inspections, and related review activities in student financial assistance and other areas have alerted the Department to problems, led to cooperative efforts between management officials and the OIG, and during 1993, resulted in the recovery of funds in excess of its budget authority.

OIG will continue to focus its audit and investigative resources on the systems that deliver the Department's student financial assistance (SFA) funds, to assist in establishing controls for improving accountability while providing information for future policy decisions. OIG has assessed the student financial assistance area as the most vulnerable to fraud and abuse. Through audit and investigative activities, OIG identifies significant problems with the administration of SFA funds by recipient institutions, in particular by proprietary (i.e., operated for profit) schools. In these cases, the student whom the program is designed to serve is often left untrained or ill-trained, is unable to obtain a job in the occupation area, is in debt as a result of the student loan and, in the likely event of a default, is unable to get another loan to obtain meaningful training. OIG, therefore, is concentrating the majority of its audit and investigative efforts on identifying causes of and potential solutions to SFA problems, and on auditing and investigating those alleged to be misusing Federal SFA funds. Between April 1, 1994, and September 30, 1994 OIG investigations resulted in 69 indictments and 63 convictions related to fraud or other criminal activity. The majority of these cases involved student aid programs.

With the start of the new Federal Direct Student Loan Program in July 1994, the Department faces new challenges. During this first year of operation, 104 schools will disburse almost \$1 billion in loans. During the second year, about 1,500 schools will participate and the loan volume will increase to around \$7.1 billion. To prevent problems of fraud and abuse in the expansion of the program, the office will continue its oversight responsibilities to determine if improvements are needed in the design and implementation of student loan delivery systems as well as the rulemaking process. The primary focus of the program is to assist in creating a simpler loan process for students, schools, and the Department, while assuring accountability and lower costs to the taxpayers. Planned projects for the OIG will include the assessment of loan delivery systems, including analysis of the loan origination system, the loan servicing system, the cash management system, the accounting system, management reports and data accuracy, the loan consolidation program, repayment options, debt collection procedures, the quality assurance program, and customer service.

OFFICE OF THE INSPECTOR GENERAL

OIG's efforts will also concentrate on improved data integrity and systems development; oversight of Department contractors; and the use of asset forfeiture as a tool in OIG investigative cases. OIG will also concentrate on improving the quality of non-Federal audits, which the Department relies on as a basis for monitoring its programs and ensuring their fiscal integrity. The OIG is required by the Inspector General Act to assure that work performed by non-Federal auditors complies with the standards established by the Comptroller General. The OIG will continue to develop audit guidance, provide training on that guidance to independent public accountants, and, using the results of quality control reviews, measure improvement in audit quality and as a factor in updating audit guidance.

As required by the Chief Financial Officer Act, the Office will perform financial statement audits, which will include a review of applicable financial systems. The audits will provide recommendations to improve accountability by assessing internal controls, the completeness and timeliness of financial data, and areas requiring further review. Also, audits of financial statements are required for the Federal Direct Student Loan Program, the Federal Family Education Loan Program, and, beginning in FY 1996 as required by the GMRA of 1994, audits of Department-wide FY 1995 financial statements.

OIG's efforts for the next 3-5 years will be targeted at providing the Department with recommendations to improve the performance and integrity of its programs and operations, especially SFA. To help the Department and Congress determine how programs can be improved to ensure equal access to education and to promote educational excellence, the OIG uses a risk-based universe, analytical techniques, and input from OIG customers.

The OIG's audits, investigations, inspections, and advisory services will focus on achievement and whether the programs are working as intended and as efficiently and economically as possible. Work will also continue to be undertaken to detect and prevent fraud, waste, and abuse and to aid in the identification of integrity issues that can be addressed through technical amendments and upcoming reauthorizations.

The OIG will continue to participate in an advisory capacity on Department-wide teams working on developing program regulations and performance measures, and on systems development. The Office will also conduct appropriate reviews and provide advice to help ensure accountability, integrity and achievement of desired results in key areas related to the Goals 2000 programs to assist the Department in working toward assessing how its programs can foster the advancement and realization of the National Education Goals.

Performance Indicators and Measures

In addition to communicating its objectives and strategies, OIG's strategic plan provides indicators to measure performance. Of the 65 strategies and indicators contained in the plan, 11 contain requirements for measuring and assessing OIG performance. Four performance assessment categories have been identified: 1) productivity of OIG activities, 2) quality assessment of non-Federal audits, 3) satisfaction of customers (within and outside of OIG) with OIG products and services, and 4) assessment of OIG effectiveness.

OIG is in the process of developing quantitative performance measures for each of the assessment categories and reviewing the results of its "first cut" at developing performance measures for the indicators. The "first cut" measures include average cost of major work activities; the degree to which non-Federal audits meet applicable requirements and

OFFICE OF THE INSPECTOR GENERAL

standards; the degree to which customers are satisfied with OIG effectiveness in improving program delivery, effectiveness, and integrity in Departmental programs and operations; and the percentage of OIG program improvement recommendations and integrity recommendations that prompts corrective action.

Developing a Performance Assessment System: After OIG's performance measures are finalized, it will proceed with the next steps required for developing a performance assessment system. These steps include identifying the data that must be collected, developing the instruments and procedures needed to collect the required data, and creating the information systems needed to store, maintain, and use the data for the intended assessments. Information obtained through the system will be used, in conjunction with the types of impact data displayed below, to help the office gauge the effectiveness of its activities and to guide them in making decisions about the overall direction of future OIG work efforts.

Balancing Customer Concerns with OIG Independence: Several of OIG's "first cut" performance measures reflect the Office's continued efforts in planning and performing its work activities to incorporate the concerns of its customers. However, OIG is aware of the need to balance those concerns with its legislatively mandated requirement to be independent and objective in its work.

Increased Emphasis on Program and Operations Effectiveness: The proposal to expand the OIGs' mission is consistent with the recommendation of the Vice President's National Performance Review that Inspectors General broaden the focus of their work to include more effort in assessing management control systems. Historically, OIG has devoted considerable effort to this type of work and is currently providing a significant level of advisory assistance in helping Departmental officials build in proper controls to prevent misuse and to correct systemic problems in Departmental programs. Planned and ongoing activities will continue to be directed toward helping the Department, Congress, and other customers to better serve students and to protect taxpayer interests. It will devote an increasingly larger share of its work efforts toward analyzing the effectiveness of Departmental programs as well as the effectiveness of its own operations.

OFFICE OF THE INSPECTOR GENERAL

IMPACT DATA

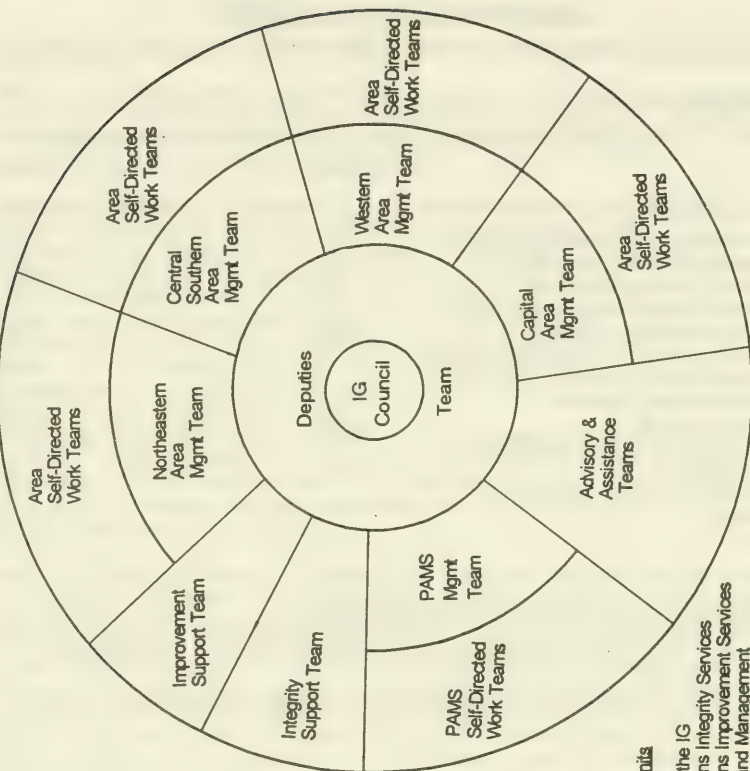
	1994	1995	1996
Reports issued by OIG auditors (including management improvement reports)	54	65	65
Quality control reviews performed	130	200	200
Department financial statements audited	2	1	1
Criminal investigations completed	543	200 ¹	200
Fraud/abuse/consumer Hotline calls received (consumer calls are referred to the Office of Postsecondary Education)	7,381	7,300	7,200
Complainants received	365 ²	700	700
Hotline Complaints Center allegations --cases closed	30	29	29
Background/security investigations processed	874	1,700 ³	1,470 ³

¹ Decrease reflects change in emphasis to higher priority fraud cases.

² Complaint system accounting began mid-1994. Number reflects complaints received from mid-to end-of-year.

³ Includes the following number of background/security investigations of OPE Title IV system contractors: 1,282 in FY 1995 and 1,121 in 1996.

U.S. Department of Education
Office of Inspector General



AA-16

OIG Organizational Units

- Immediate Office of the IG
- Program & Operations Integrity Services
- Program & Operations Improvement Services
- Planning, Analysis and Management Services (PAMS)

Department of Education

HEADQUARTERS RENOVATION

Fiscal Year 1996 Budget Request

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HEADQUARTERS RENOVATION

For necessary expenses for the renovation of the Department of Education headquarters building, \$20,000,000, to remain available until September 30, 1998.

HEADQUARTERS RENOVATION

Amounts Available for Obligation
(\$ in 000s)

	1994	1995	1996
Current authority:			
Annual appropriation			\$20,000
Unobligated balance, end of year			<u>-8,000</u>
Total obligations			12,000

HEADQUARTERS RENOVATION

Obligations by Object
(\$ in 000s)

	1994	1995	1996
Advisory and assistance services			\$1,632
Other services			3,145
Purchases of goods and services from Government accounts			115
Equipment			<u>7,108</u>
Total			12,000

HEADQUARTERS RENOVATION

Authorizing Legislation

Activity	1995 Authorized	1995 Estimate	1996 Authorized	1996 Request
Headquarters Renovation (DEOA, Section 202)	Indefinite	0	Indefinite	\$20,000,000

HEADQUARTERS RENOVATION

Budget authority (\$ in 000s):

<u>1995</u>	<u>1996</u>	<u>Change</u>
0	\$20,000	+\$20,000

PURPOSE AND METHOD OF OPERATION

This account provides the Department of Education's portion of funds required to renovate its headquarters building, including costs for administrative services, information technology, telecommunications cabling services, and systems furniture for the GSA-mandated retrofit and modernization of Federal Building-6. The Government owns the building at 400 Maryland Avenue, SW, and once renovated, the building will house nearly 700 employees currently occupying leased commercial space.

The infrastructure of the 35-year-old building used as the Department's headquarters had deteriorated to the extent that complete renovation was necessary. The employees who worked in the building were relocated in August of 1994 to temporary space in FB-10B. GSA awarded a \$2.5 million contract for the internal demolition of the building which began in October 1994. The project completion target date is June 1997, with return of employees to FB-6 to be completed by January 1, 1998, after which the internal demolition of FB-10B is scheduled to begin. The Department has the oversight responsibility for the project and, in conjunction with GSA and contractors, will:

- o Consolidate over 1,600 headquarters Department staff into the 360,000 square feet of occupiable office space. The renovated building will house the Office of Elementary and Secondary Education, which was relocated in 1994 to leased commercial space in the Portals building; all other offices that moved from FB-6 in 1994 and are currently located in FB-10B; and the Office of Educational Research and Improvement, which is currently located in leased commercial space at Capitol Place.
- o Install modern electrical, elevator, telephone, and automated data systems; and new air conditioning and heating systems, lighting, and restrooms.
- o Construct a cafeteria, space for the newly authorized National Library on Education, a day care facility, training and conference facilities, and space-saving environments with systems furniture.
- o Design and construct interior office space to accommodate current organizational requirements and to enhance operational efficiency.

All building modifications will be consistent with the requirements of Section 504 of the Rehabilitation Act of 1973.

HEADQUARTERS RENOVATION

1996 BUDGET REQUEST

For 1996 the Department is requesting a separate, one-time appropriation of \$20 million for renovation costs of its headquarters building. Funds are requested to remain available until the end of FY 1998 to ensure their availability during the 3-year life of the project, which began in October 1994. Without the extended availability of funds, unforeseen problems or delays by contractors or GSA in the renovation and reconstruction of FB-6 could cause the Department to lose the funds for a particular phase of the project. The \$20 million investment will result in the following outlays: 1996 - \$2 million, 1997 - \$6 million, 1998 - \$10 million, and 1999 - \$2 million.

A priority of the Department, as outlined in its Strategic Plan, is to "transform the Department into a high performance organization." To this end, we are committed to providing a quality work environment that meets occupational safety and health standards, accommodates employees with disabilities, and enhances productivity. The funds requested for the Department's headquarters renovation will enable us to meet this commitment.

Major cost items included in this request are:

- o Contracts--Contractual support over the life of the renovation totals \$2.516 million. The Department will be assisted in space planning and interior design, planning and evaluation services, procurement, inventory, moving services, and systems furniture configuration and installation. Using contractual support will give the Department flexibility to obtain necessary and expert services for the life of the project without additional Federal hiring.
- o Alterations--GSA is planning to spend \$45.4 million for construction and renovation of FB-6, including modernization of electrical, mechanical, and ventilation systems, restroom renovation, and standard lighting, carpeting, and other interior finishes. The Department will fund an additional \$5.422 million for preparation of non-standard space.

The costs for non-standard space, which are not covered by GSA, are based on specific agency needs rather than structural standards or building maintenance. Special space alterations needed for agency support areas such as computer rooms, conference rooms, auditoriums, and the day care center, require items such as raised floors, special air conditioning, public address systems, soundproofing, etc. The Department also will pay for the signage throughout the building, as well as for extra locks, which are considered above standard by GSA. In some areas, such as the cashier and file server rooms, the Department will pay for alarm systems. In the development of the project, ED and GSA will negotiate what is standard and what is above standard.

- o Systems Furniture--The purchase of systems furniture will cost approximately \$7 million. In order to house the 1,600 employees in FB-6, thus saving the higher costs of commercial leased space, systems furniture will be required throughout the building. Using systems furniture will also enable the Department to comply with GSA requirements for efficient space utilization.

HEADQUARTERS RENOVATION

- o **Wiring/Cabling**—The Department is requesting \$5.062 million for wiring and cabling the FB-6 building for access to current connectivity technology. Approximately \$3.8 million of this amount will provide fiber cabling for the Local Area Network and \$1.3 million will provide cabling for the telephones. The cost of this cabling is not paid by GSA. A study to provide design guidance for cabling and wiring FB-6 will be conducted in 1995 to determine our requirements based on the latest technologies available.

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ISBN 0-16-047244-X



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